LESSO 联塑

f }

Financial Highlights	2	Ì Ü
Five-year Financial Summary	3	ž Ë Ì ?
Chairman's Statement	4	ô © S ã
Biographical Details of Directors and Senior Management	7	è + ¿ ÷ t M # [p 5 Ý
Corporate Governance Report	13	† 8 M 7 S
Management Discussion and Analysis	36	M # 4 À ¿ ±
Directors' Report	53	è + 6 S
Independent Auditor's Report	72	ù m è p ª S
Consolidated Statement of Pro t or Loss and Other Comprehensive Income	82	] ¥ & B ¿ l ü Œ & × B Œ
Consolidated Statement of Financial Position	84	] ¥ Ì K 1 Œ
Consolidated Statement of Changes in Equity	86	] ¥ Æ B Œ
Consolidated Statement of Cash Flows	88	] ¥ $ – t Ž Œ
Notes to Consolidated Financial Statements	90	] ¥ Ì Œ • W
Summary of Investment Properties	191	³ J 8 ?
Glossary	194	Z
Corporate Information	197	® ! Ø

Ù

		2017	2016	Change
For the year ended 31 December (RMB'000)	Ú 12 Ü 31 Ú ß Ë € [Ošp'p*•			
Revenue	×]	20,360,000	17,221,052	18.2%
Gross profit	ã ;	5,316,783	4,581,778	16.0%
Finance costs	D Ó I	229,309	107,061	114.2%
EBITDA	ð ¹ ü ± Å Ã ® ;	3,830,717	3,125,219	22.6%
Profit before tax	ð ü Ã P ;	2,954,586	2,424,792	21.8%
Profit for the year	Ë « P ;	2,265,807	1,913,704	18.4%
Profit attributable to owners of the Company	I ® ! ¹ Þ [Ð & P ;	2,293,055	1,922,027	19.3%
At 31 December (RMB'000)	õ 12 Ü31 Ú€ [Ošp'p*•			
Total assets	* < X	27,973,625	22,195,286	26.0%
Cash and bank deposits	$ •+ñ PA < É°	4,452,370	3,885,683	14.6%
Total debts[a]	À < X [a]	8,319,375	4,694,561	77.2%
Net debt[b]	À X [b]	3,867,005	808,878	378.1%
Total equity	p"!CÁU€	13,783,491	11,537,672	19.5%
Share information (RMB)	p … Ø€ [Ošp			
Basic earnings per share[c]	Ê p ? I ® ; [c]	0.74	0.62	19.4%
Diluted earnings per share[c]	Ê p u [® ; [c]	0.74	0.62	19.4%
Proposed final dividend per share (HK cents)	Ý | Ê p K , p ¹ € ¥ •	18	15	20.0%
Equity attributable to owners of the Company per share	Ê p I ® ! ¹ Þ [Ð & p"	4.35	3.62	20.1%
Financial ratios	Ì â			
Gearing Ratio (%)	* À (%)	37.6	28.9	
Net debt to equity[d] (%)	À Xšq p" . ±ð [d](%)	28.1	7.0	
Interest cover[e] (times)	; ¹ ® ; â [ec(%)			

		For the year ended 31 December				
		Ú 12 Ü 31 Ú ß Ë				
		2017	2016	2015	2014	2013
		RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
RESULTS	8 6	[O Æ w ©	[O Æ w ©	[O Æ w ©	[O Æ w ©	[O Æ w ©
REVENUE	×]	20,360,000	17,221,052	15,264,401	14,822,772	13,070,547

In 2017, China's gross domestic product growth rate accelerated to 6.9%, reversing a slowdown that persisted for the previous seven consecutive years. Signs of stabilising economic growth generated opportunities for development of all types of industries and markets. China started its 13th Five-year Plan in 2016. In 2017, Chinese government continued to introduce various policies in relation to energy and environmental protection in an active manner, and carried out multiple large-scale municipal projects and urban infrastructure construction projects, including the plan of "Sponge City", the "Action Plan for Prevention and Control of Water Pollution" and the "Underground Pipeline Utility Tunnel", in a bid to ensure a secure supply of water and to reduce water pollution. These projects stimulated economic growth and could sustain demand for plastic piping systems. Meanwhile, the Chinese government pressed on with the new mode of urbanisation and regional economic development, which also created a favorable operating environment for the pipe industry.

2017 Ë d • 7 ¾ ö © 7 V Ë 8 ó à Y ˆ Ð d 7 «
[* < = # — j º 6.9% d ¾ ö # — Y ¢ › Ì
ü # v d ‰ ” • 8 ¿ 9 m 8 ï • Ú > f a
Ÿ2016 Ë˜ d g h ž ™• Œ Y š ... ˜ Ë d • 7 A ´
õ2017 Ë 1 ƒ Z ª ¢ G ë õ • U ¿ - A
d š • µ ° } è 9 A ˆ û ¿ ì 9 ? þ £ ° f
ø P ç ¾ ö d 5 ƒ ç Ø M 8 û U m 8 ê Ë d ...
• < ¢ É Ý ¼˜ g ì 9 ™ Œ e˜ å î Q # 7
Œ ™¿˜ ® h] ¥ M < ™ £ d ø ½ - 6
å Ä Œ ¿ ¯ Ç å î Q f • Û d • 7 A ´ = ª
- è ì D · ¿ 9 ¾ ö ï • d ä A u ‰ M 8
8 Y ô ¿ » Y ï • â • f

17

As a sizeable industrial group producing building materials and interior decoration products, China Lesso actively tapped the stable demand for pipes which resulted from the state's policies on infrastructure during the year. It continued to leverage its leading position in the industry, and to take advantage of its brand strength and economies of scale. During the year, the Group achieved steady and satisfactory increases in sales revenue, market expansion and key performance indicators. The Group's revenue increased by 18.2% to RMB20,360 million in 2017 from RMB17,221 million in 2016. Gross profit rose by 16.0% to RMB5,317 million, and profit attributable to owners of the Company grew by 19.3% to RMB2,293 million. The Board proposed a final dividend of HK18 cents per share for the year ended 31 December 2017.

õ 7 L ç * ‰ • 7 « ® ï ‹ Y } è ¿ • ¢ * 8 f • Û d Ö€e–Àg2»Ð

During the year, the Group continued to reinforce its leading market position in southern China, and proactively strengthened its footholds in other regions, in a bid to drive overall sales. As the newly established production base in Hunan officially commenced operation in the second half of 2017, the Group's business development and penetration of the local markets were enhanced. Overall designed capacity and production efficiency of the Group were also improved as a result. In addition, the Group continued to strive to enhance the facilities at its existing production bases, raise the level of automation and upgrade production technologies and facilities, thereby improving the overall operational efficiency and competitiveness.

Although China's business environment was complicated and overshadowed by numerous uncertainties in 2017, the Group achieved revenue growth that met the capital market's expectations. The achievement was attributable to the Group's success in giving full play to its brand strength and wide distribution network, enriching product portfolio, expanding production capacity and initiating the new Lesso Home business. The Group adopted different strategic plans for its existing and new businesses, and successfully expanded the scope of its business in both domestic and overseas markets. It has also consolidated its brand image and enhanced its reputation, and set targets for growth in revenue and profitability for the long term.

‹ M2017 Ë Y ¾ ö ¤ y] O ¿ ” ü æ ª
o d l « ¥ • ± ; \ Ü Ð ¼ b ¿ ? 9 Y ¾ V
c Y ´ Ð d = . , * Ü û • ¿ Ò * • d
(š ¼ ï " ˜ • - 8 d m ×] # — d L
¥ l 9 k , f l « ‰ $ Þ ¿ - 8 ® _ ”
• · + Å Ç d Ó ß • l õ • 7 ¿ . 9 Y 8
Í š d i x l Ü Ð – e ¿] ¤ d ‰ J 8 ×]
¿ ® ; • b # — * — Ã f z f

We expect China's economy to maintain momentum of steady growth in 2018 despite the numerous uncertainties in the global market. In order to adapt to frequent changes in the market, the Group will fully grasp the opportunities arising from the Chinese government's initiatives that can benefit the industry, develop its business of building materials and interior decoration products as well as the business of environmental protection, seek to achieve synergies between such businesses and aim for sustainable growth. The Group will actively capitalise on Industry 4.0, and upgrade its existing production bases so as to make them automated and intelligent, thereby enhancing the Group's production capacity and efficiency. In addition, the Group will adopt blue ocean strategy by expanding the scope of applications of piping systems, so as to solidify its leading position.

¢ A k ,2018 Ë • 7 ¾ ö Z 1 ƒ j 5 ¢ • £ » Y
ï • Ò Ð d - 5 ; ¢ # — i Í þ d Œ " 9 ” ½
› ª o 1 Í 0 µ f ‰ Ð Á 9 ” Ù · d l «
¥ ðâÐã€¡P:09 + "...š dïïÑY Œ 9 ! ¤ @ –P Ø@ @ 0¥¡c

On behalf of the Board, I would like to express my heartfelt gratitude to our management and all the staff members for their commitment and dedication to the Group. The Group will continue to fulfill its mission of "improving urban quality of life" by providing the market with innovative and high quality building materials and interior decoration products. We will capitalise on China's economic reform and rising consumption demand to drive the Group's business development for the long term. This will enable us to achieve better results and create greater value for customers, investors and Shareholders. China Lesso is determined to scale new heights in the future!

Wong Luen Hei
Chairman
Hong Kong, 19 March 2018

B è +

Mr. Wong Luen Hei, aged 55, is the founder of the Group, the chairman of the Company and was appointed as an executive director of the Company on 5 November 2009. He is also a director of various companies in the Group. He is primarily responsible for the Group's overall strategic planning and business management. Mr. Wong has approximately 21 years of experience in plastic pipe operations and management. He served as the chairman in Shunde Liansu Industrial from December 1996 to April 1999 and was awarded "Outstanding Private Entrepreneur of Shunde" by Shunde People's Government of Foshan in 2003. Mr. Wong has been a vice president of Foshan Shunde Longjiang General Chamber of Commerce since 2006. Mr. Wong is the spouse of Ms. Zuo Xiaoping and the brother-in-law of Mr. Zuo Manlun. Mr. Wong is the founder of a trust which holds the entire issued share capital of Xi Xi Development and New Fortune, the controlling shareholder of the Company.

» L $ ‹ [d 55 K d ‰ l « ô l [R l ® ! ô © d õ2009 Ë11 Ü5 Ú ‰ , ‰ l ® ! B è + f ¾ u õ l « « µ œ Ó p ® ! Ä , è + f ¾ ô ª l « Y Æ · + Œ ¿ 8 M # f » ‹ [õ ç Ø M 8 ¾ ¿ M # Ù &] Ò21 Ë ¾ f ¾ õ1996 Ë12 Ü 1999 Ë4 Ü Ä , ± C L ç ¼ 8 Y ô © d (õ2003 Ë † 9 ± C [O A ´ Y ‰˜ ± C ´ ø O † 8 • ™f » ‹ [2006 Ë Î , † 9 ± C ² ê < 6 6 — f » ‹ [W 8 i 1 ~ { Y ã ¿ 8 P ‹ [Y Ž Ã f » ‹ [‰ 5 Þ c ï • ¿ l ® ! › p p - , K Œ Å Š ï p l ˜ ¦ Ä Y ô l [f

Mr. Zuo Manlun, aged 45, is the chief executive of the Group and was appointed as an executive director of the Company on 27 February 2010. He is also a director/general manager/supervisor of various companies in the Group. He is primarily responsible for the management of the daily business operations of the Group. Mr. Zuo has approximately 18 years of experience in the plastic pipe industry. Mr. Zuo joined the Group in December 1999 and has held various positions in operation management since joining the Group. Mr. Zuo won several awards including "Outstanding Worker of the Plastic Industry in the PRC" by China Plastics Processing Industry Association in 2009. Mr. Zuo is the brother-in-law of Mr. Wong Luen Hei and the younger brother of Ms. Zuo Xiaoping.

8 P ‹ [d 45 K d ‰ l « A < R d (õ 2010 Ë2 Ü27 Ú ‰ , ‰ l ® ! B è + f ¾ u õ l « « µ œ Ó p ® ! Ä , è + J < ¾ # J 9 + f ¾ ô ª l « Ú l 8 ¾ M # f 8 ‹ [õ ç Ø M 8 8] Ò18 Ë ¾ f 8 ‹ [õ1999 Ë12 Ü ‘ l « d ä õ ¾ M # Ù & € Ä , ” • f 8 ‹ [€ µ H ¤ ° d < õ 2009 Ë • 7 ç Ø ˆ ˆ 8 X 6 Y ‰˜ • 7 ç Ø 8 ‹ † ˆ * k ™f 8 ‹ [W » L $ ‹ [Y « ” ¿ 8 i 1 ~ { Y ä ” f

Ms. Zuo Xiaoping, aged 51, is a vice president of the Group and was appointed as an executive director of the Company on 27 February 2010. She is also a director/supervisor of various companies in the Group. She is primarily responsible for procurement control and logistics management of the Group. Ms. Zuo has approximately 21 years of experience in the plastic pipe industry. Ms. Zuo served as a director of Shunde Liansu Industrial from December 1996. In 1999, upon establishing the Group together with Mr. Wong Luen Hei, she held various positions in procurement. Ms. Zuo is the spouse of Mr. Wong Luen Hei and the elder sister of Mr. Zuo Manlun.

8 i 1 ~ { d 51 K d ‰ l « < R d (õ2010 Ë2 Ü27 Ú ‰ , ‰ l ® ! B è + f ¾ u õ l « « µ œ Ó p ® ! Ä , è + J 9 + f ¾ ô ª l « Y ® … 9 › ¿ J t M # f 8 ~ { õ ç Ø M 8 8] Ò21 Ë ¾ f 8 ~ { 1996 Ë 12 Ü Î Ä , ± C L ç ¼ 8 Y è + f õ 1999 Ë d ¾ ~ » L $ ‹ [S • Ó m l « d , ” • Y ® … f 8 ~ { W » L $ ‹ [Y ã ¿ 8 P ‹ [Y ä Ž f

EXECUTIVE DIRECTORS(Continued)

Mr. Lai Zhiqiang, aged 51, is a vice president of the Group and was appointed as an executive director of the Company on 27 February 2010. He is also a director of various companies in the Group. He is primarily responsible for the production and technical management of the Group. Mr. Lai has approximately 21 years of experience in the plastic pipe industry and served as a workshop manager of Shunde Liansu Industrial from December 1996 to November 1999. Mr. Lai joined the Group in December 1999 and has held various positions in production management since joining the Group.

` › v ‹ [ d 51 K d ‰ l « < R d ( õ2010 Ë2 Ü27 Ú ‰ , ‰ l ® ! B è + f ¾ u õ l « « µ œ Ó p ® ! Ä , è + f ¾ ô ª l « Y [ * ¿ ¦ ” M # f ` ‹ [õ ç Ø M 8 8] Ò21 Ë ¾ d (õ1996 Ë12 Ü 1999 Ë 11 Ü Ä , ± C L ç ¼ 8 Y œ ¾ # f ` ‹ [õ 1999 Ë12 Ü ‘ l « d ä € , [* M # Ù & Y ” • f

Mr. Kong Zhaocong, aged 52, is a vice president of the Group and was appointed as an executive director of the Company on 27 February 2010. He is also a director/general manager/supervisor of various companies in the Group. Mr. Kong is primarily responsible for the China's sales of the Group and has approximately 24 years of experience in the plastic pipe industry. Mr. Kong joined the Group in December 1999 and has held various positions in production management and sales since joining the Group. Prior to joining the Group, Mr. Kong served as a factory manager at Foshan City Dongjian Plastic Materials Factory from March 1993 to January 1999 and served as a manager in the production department of Shunde Liansu Industrial from January 1999 to November 1999.

Æ Š K ‹ [d 52 K d ‰ l « < R d (õ2010 Ë2 Ü27 Ú ‰ , ‰ l ® ! B è + f ¾ u õ l « « µ œ Ó p ® ! Ä , è + J < ¾ # J 9 + f Æ ‹ [ô ª l « Y 7 « V / ˆ * d õ ç Ø M 8 8 ¹ Þ Ò24 Ë ¾ f Æ ‹ [õ1999 Ë12 Ü ‘ l « d ä õ [* M # ¿ V / Ù & € Ä , ” • f õ ‘ l « ˜ Ã d Æ ‹ [õ 1993 Ë3 Ü 1999 Ë1 Ü Ä , † 9 ç Ø @ Y @ — d (õ1999 Ë1 Ü 1999 Ë11 Ü Ä , ± C L ç ¼ 8 Y [* Å ¾ # f

Mr. Chen Guonan, aged 50, is a vice president of the Group and was appointed as an executive director of the Company on 27 February 2010. He is also a director of various companies in the Group. He is primarily responsible for the management of the quality control of the Group. Mr. Chen has approximately 28 years of experience in the plastic pipe industry. Mr. Chen joined the Group in December 1999 and has held various positions in production management and engineering since joining the Group. Prior to joining the Group, Mr. Chen was a manufacturing engineer in the technology department at Guangdong Province Zhaoqing Gaojiang Plastic Products Co., Limited from July 1989 to July 1993. From July 1993 to September 1999, he was a deputy factory manager at Foshan City Dongjian Plastic Materials Factory. Mr. Chen served as a manager in the production department of Shunde Liansu Industrial from September 1999 to November 1999. Mr. Chen has been a deputy secretary general of Plastic Pipe Special Committee of China Plastics Processing Industry Association since 2005. Mr. Chen obtained a bachelor's degree in polymer chemical from South China University of Technology in July 1989.

Ó 7 Ì ‹ [d 50 K d ‰ l « < R d (õ2010 Ë2 Ü27 Ú ‰ , ‰ l ® ! B è + f ¾ u õ l « « µ œ Ó p ® ! Ä , è + f ¾ ô ª M # l « Y / Ž › S ˆ * f Ó ‹ [õ ç Ø M 8 8 ¹ Þ Ò28 Ë ¾ f Ó ‹ [õ1999 Ë12 Ü ‘ l « d ä õ [* M # ¿ ˆ û Ù & € Ä , ” • f õ ‘ l « ˜ Ã d Ó ‹ [õ1989 Ë7 Ü 1993 Ë7 Ü ‰ ? ² t E ÷ ê ç Ø ¡ Ü Þ " ® ! Y ¦ ” Å ¡ ¿ ˆ û ª f õ1993 Ë7 Ü 1999 Ë9 Ü d ¾ ‰ † 9 ç Ø @ Y @ — f Ó ‹ [õ1999 Ë9 Ü 1999 Ë11 Ü Ä , ± C L ç ¼ 8 Y [* Å ¾ # f Ó ‹ [2005 Ë Î Ä , • 7 ç Ø ˆ ˆ 8 X 6 ç Ø M 8 Y 8 ‰ p 6 d ã — f Ó ‹ [õ1989 Ë7 Ü _ { 6 Ì # ˆ } ª o ¬ Y ÷ ± • · ª ª { ª f

Mr. Lin Dewei, aged 57, was appointed as a non-executive director of the Company on 27 February 2010. Mr. Lin has approximately 23 years of experience in the legal field and worked as a part-time lawyer at various PRC law firms between 1995 and 2001. In 2001, Mr. Lin practised as a lawyer at Guangdong Everwin Law Office and became a partner at the firm in 2004. Since 2013, Mr. Lin has been practising as a lawyer at Guangdong Yogo Law Firm.

¢ B è +

C × ‹ [d 57 K d õ2010 Ë2 Ü27 Ú ‰ , ‰ I ® ! ¢ B è + f ‹ [õ , 8] Ò23 Ë ¾ d (õ1995 Ë 2001 Ë œ ¯ µ œ • 7 ª + Ô , R ª f ‹ [õ2001 Ë ¯ ? , S 8 ª + Ô , ª d (õ2004 Ë Ó ‰ ª + Ô Y ¥ « [f 2013 Ë Î d ‹ [¯ ? ½ ÷ ª + Ô , ª f

INDEPENDENT NON-EXECUTIVE DIRECTORS

ù m ¢ B è +

Dr. Tao Zhigang, aged 52, was appointed as an independent non-executive director of the Company on 1 September 2015. Dr. Tao is Professor of Economics and Strategy in the Faculty of Business and Economics and the director of the Institute for China and Global Development, the University of Hong Kong. Prior to joining the University of Hong Kong in 1998, he taught at Hong Kong University of Science and Technology from 1992 to 1998. Dr. Tao received his B.Sc. in management science from Fudan University in 1986, and PhD in economics from Princeton University in 1992. Dr. Tao is currently an independent non-executive director of Huadian Fuxin Energy Corporation Limited (stock code: 816), which is listed on the Stock Exchange. Dr. Tao is senior fellow at Tsinghua University's National Centre of Economic Research, senior fellow at Tsinghua University's Center for China in the World Economy, and special-term professor at Fudan University School of Management. He is also co-director of the Asia Competitiveness Program of Hong Kong Institute of Economics and Business Strategy.

× ›] ù { d 52 K d õ2015 Ë9 Ü1 Ú ‰ , ‰ I ® ! ù m ¢ B è + f × ù { ‰ 0 ¥ } ª ¾ ö ¿ ^ M # ª ë · + M # ¿ ¾ ö ª º ¬ d ø ¿ • 7 ~ Œ " ï • ¼ ú Ô Ô — f õ1998 Ë] 0 ¥ } ª Ã d ¾ õ1992 Ë 1998 Ë , º õ 0 ¥ Å ¦ } ª f × ù { õ1986 Ë _ { B G } ª M # Å ª # ª { ª d ø ¿ õ1992 Ë _ { w v m } ª ¾ ö ª ù { ª f × ù { $, ¯ L t Ô j 9 Y 6 e E - • U p … Þ " ® ₹ p … þ î j 816 •ù m ¢ B è + f × ù { ‰ ö 6 } ª • 7 ¾ ö ¼ ú • Ð ÷ t ¼ ú p e ö 6 } ª • 7 ~ ð ¢ ¾ ö ¼ ú • Ð ÷ t ¼ ú p d ø ¿ B G } ª M # ª ë $ Ì º ¬ f ¾ u ‰ 0 ¥ ¾ ö ¿ 8 + ¼ ú Ô - Ä) F b ° f • • ª [f

Mr. Fung Pui Cheung, aged 69, was appointed as an independent non-executive director of the Company on 27 February 2010. Mr. Fung is currently practising as a sole proprietor in the name of P C Fung & Company, a certified public accountants firm. Mr. Fung is a Certified Public Accountant, a fellow member of the Hong Kong Institute of Certified Public Accountants and a member of The Institute of Chartered Accountants in England and Wales. Mr. Fung obtained a master degree in arts from Antioch University, US in March 1987. Mr. Fung is currently an independent non-executive director and a member of the audit committee of Vantage International (Holdings) Limited (stock code: 15), which is listed on the Stock Exchange. He is a member of the Hong Kong Inland Revenue Department's Users' Committee.

¹ C ‹ [d 69 K d õ2010 Ë2 Ü27 Ú ‰ , ‰ I ® ! ù m ¢ B è + f ¹ ‹ [$ Û ù ¾ ¹ C 6 ª + Ô f ¹ ‹ [‰ 0 ¥ 6 ª ® 6 B 8 6 ª R 6 p ø ¿ õ ø † ¿ þ ' { $ ¢ 6 ª X 6 6 p f ¹ ‹ [õ1987 Ë3 Ü ¯ Õ 7 Ä Û ó 4 } ª _ { Ö ª B { ª f ¹ ‹ [$, ¯ L t Ô j 9 Y ® ¦ › p Þ " ® ₹ p … þ î j 15m ¢ B è + R 2 è ‰ p 6 Ó p f ¾ u ‰ 0 ¥ ü … Õ U ë ! ‰ p 6 Y Ó p f

BIOGRAPHICAL DETAILS OF DIRECTORS AND SENIOR MANAGEMENT

è + ¿ ÷ t M # [p 5 Ý

÷ t M # 4

Mr. Liu Guanggen, aged 36, is a chief financial officer of the Group and is responsible for the Group's overall financial and accounting affairs. Mr. Liu joined the Group in November 2008. Prior to this, he worked as a finance manager in The Industrial and Commercial Bank of China, Shunde Branch from 2004 to 2006, and was a sub-branch manager of The Industrial and Commercial Bank of China, Foshan Shunde Haiqinwan Sub-Branch from 2007 to 2008. Mr. Liu completed a diploma in finance from Southwestern University of Finance and Economics in September 2005, a program in laws at Guangdong University of Business Studies from March 2007 to January 2010. As well as obtaining a master degree in engineering from Chongqing University upon the completion of courses for the master degree in software engineering (specialised in financial informatisation) in June 2014. He is an associate member of the Association of International Accountants.

? ì ‹ [d 36 K d ‰ l « Ì < 9 d ª l « Y Æ Ì ¿ 6 + • f ‹ [õ2008 Ë 11 Ü ' l « d ˜ Ã € õ2004 Ë 2006 Ë , • 7 ˆ Õ ± C Õ Ì ¾ # d (õ2007 Ë 2008 Ë , • 7 ˆ Õ † ± C Þ D Õ Y Õ ¾ # f ‹ [õ2005 Ë9 Ü Ì Ì ¾ } ª – D ª Ö ¯ d õ2007 Ë3 Ü 2010 Ë1 Ü • Ó ? ª ë Y , û d (õ2014 Ë6 Ü • Ó E } ª Y ´ • ˆ û ï 9 ˆ û€ – D ¦ ¹ · Ù £ •B { û _ { ˆ û B { ª f ¾ ‰ 7 ç 6 ª ® 6 ˜ 6 p f

Mr. Kwan Chi Wai Samuel, aged 40, is the company secretary of the Company. Mr. Kwan has more than 10 years of experience in accounting, auditing and finance. Mr. Kwan joined the Group in June 2010 as secretary on a full time basis. Prior to joining the Group, Mr. Kwan worked in CWCC Certified Public Accountants from March 2000 to November 2004, PricewaterhouseCoopers from November 2004 to October 2007 and Deloitte Touche Tohmatsu from November 2007 to September 2009. The latter two firms are amongst the biggest international accounting firms. Mr. Kwan graduated with a bachelor's degree in Commerce from Deakin University of Australia in September 2000 and obtained a master degree in business administration from University of South Australia in August 2012. He is a fellow member of the Hong Kong Institute of Certified Public Accountants and member of the CPA Australia.

ë › ‹ [d 40 K d ‰ l ® ! Y ® ! d ã f ë ‹ [¯ 6 e 2 ¿ Ì Ù & ¹ Þ C10 Ë ¾ f ë ‹ [¯2010 Ë6 Ü] l « d Œ , d ã f ¯] l « Ã d ë ‹ [õ2000 Ë3 Ü 2004 Ë 11 Ü , Ó » ¤ ù 6 ª + Ô e õ2004 Ë11 Ü 2007 Ë10 Ü , ¯ 6 Õ Q 8 6 ª + Ô d ¿ õ2007 Ë11 Ü 2009 Ë9 Ü , C Ï • ë » Ó Ù 6 ª f G • 6 ª n ð } 7 ç 6 ª ˜ • f ë ‹ [õ2000 Ë9 Ü ¯ æ r u } ª - 8 d _ { 8 ª { ª ¿ õ2012 Ë8 Ü ¯ Ì æ } ª _ { ˆ M # B { ª f ¾ ‰ 0 ¥ 6 ª ® 6 6 p ¿ æ r 6 ª ® 6 6 p f

†8M7 S

†8M7l•

China Lesso is always committed to maintaining high standards of corporate governance practices and business ethics of the Group. The Board believes in good corporate governance practices and business ethics which are essential for achieving sustainable development, establishing investors' confidence in the Company and safeguarding and enhancing the interests of the Shareholders.

•7LçS\çb-5l« ÷å;Y†8M7 l•¿ 88Cfè+6´¦d »Y†8M7 l•¿ 88CdJ:ç 5ƒï•e m³ kÁl®!Y¦Đø¿-æqdºp ÆBYë Ÿf

In pursuit of good and high standards of corporate governance practices, the Board reviews the corporate governance practices of the Company from time to time so as to meet the expectations of the Shareholders for continual improvement, comply with increasingly stringent regulatory requirements and fulfill its commitment of pursuing excellent corporate governance. In the opinion of the directors, the Company complied with all the applicable code provisions of the Code during the year.

‰ÛË »þ÷å;Y†8M7l•dè+6” Ûè Àl®!Y†8M7l•dø:Qp Á» 2• Y,ĐemÂÚˆ +Y9M•›d(ò 5 lÁÛËYs†8M7YÕUfè+©‰d Ë«l®!Šm ÂÂÆ•YÔÞG\ÂÆâÖf

MODEL CODE FOR SECURITIES TRANSACTIONS BY DIRECTORS

è+† ÇNtø˜z_ÂÆ

The Company has adopted the Model Code as the code governing securities transactions by directors of the Company. Having made specific enquiry to the directors, all of them confirmed that they have complied with the required standards as set out in the Model Code throughout the year. The Model Code is also applicable to other specific senior management of the Company. The directors' and chief executive's interests and short positions in the shares, underlying shares and debentures of the Company and its associated corporations are disclosed in the Directors' Report on page 57.

l®!Š®vz_ÂÆ*‰l®!è+† ÇN tø˜ÂÆf¾£è+$›_ dÔÞè+½ ©¾ õË«S\mÂz_ÂÆÔ1˜•›z _fz_ÂÆuG\õl®!lü$›˜÷tM #[pfè+¿ A<RõI®!¿l´L, Yp...e´ëp...¿ÀÆÇYÆB¿ñQõK57 +Yè+6 S•Þ£f

BOARD

è+6

THE COMPOSITION OF THE BOARD

The Board currently comprises 15 directors, including 9 executive directors, 1 non-executive director and 5 independent non-executive directors.

è+6\Ó è+6$Û_dž¤è+\Ódž<X¤B è+dS¤¢B è+dø¿ž¤ùm¢B è+f

ì ½ I ® ! Y \ Ý û Z Æ€˝ Ý û Z Æ ™▪d ½ ,

BOARD (Continued)

INDEPENDENT NON-EXECUTIVE DIRECTORS

The Company has received annual confirmation made by each of the independent non-executive directors under Rule 3.13 of the Listing Rules regarding their independence. The Company regarded all independent non-executive directors are independent in accordance with Rule 3.13 of the Listing Rules.

I ® ! Š × Q ¢ ù m ¢ B è + ì ½ j 9 • Æ K 3.13 â 1 I ù m Ì þ * Y Ë ½ © L f I ® ! ì ½ j 9 • Æ K3.13 â V Œ ù m ¢ B è + ‰ ù m [{ f

DUTIES OF THE BOARD

The Board shoulders the responsibility of providing effective, responsible and reliable leadership to the Group. The Board exercises its rights in management decision on the aspects of the Company's development strategy, management structure, investment and financing, planning, financial control and personnel in accordance with the requirements of the Code.

è + 6 ª
è + 6 r £ I « d 6 Þ Ö ¿ ª f Y ï ¬ ª , f è + 6 ¯ I ® ! ï • · + e M # V ô e ³ ¿ D e Œ e Ì 9 › e [+ Ù & 1 k Â Æ Y • › 4 M # Ô Æ f

The Company appointed Ernst & Young as the Company's independent auditor to review the interim results for the six months ended 30 June 2017 and to audit the annual results for the year ended 31 December 2017. The directors of the Company acknowledge their responsibility for preparing the consolidated financial statements included in the annual report and the interim report. In preparing the consolidated financial statements for the year ended 31 December 2017, the directors have selected and applied appropriate accounting policies and have made prudent and reasonable judgements and estimates in accordance with Hong Kong Financial Reporting Standards.

I ® ! Š ¾ Ì Ä Q 6 ª + Ô ‰ I ® ! ù m è p ª d 1 Ú 2017 Ë6 Ü30 Ú ß ¬ H Ü Y • , 8 6 † 2 a d ¿ 1 Ú 2017 Ë12 Ü31 Ú ß Ë Y Œ Ë 8 6 † 2 è f I ® ! è + Õ © ¾ Þ Ü ¡ Ë ¿ • , S Ô 1] ¥ Ì Œ Y ª , f ¯ Ü ¡ Ú 2017 Ë12 Ü31 Ú ß Ë] ¥ Ì Œ Û d è + Š ì ½ 0 ¥ Ì S _ Æ] o ¿ 6 \ ¥ G Y 6 A ¿ * 2 ¥ # Y : Ũ q f

The declaration of reporting responsibility issued by the external auditor of the Company on the Company's consolidated financial statements is set out in the Independent Auditor's Report on pages 72 to 81.

I ® ! . Ì è p ª 1 I ® !] ¥ Ì Œ * Y Ò ª , J ü 1 õ K72 81 + Y ù m è p ª S « f

CORPORATE GOVERNANCE FUNCTIONS

The Board is responsible for performing corporate governance duties including:

† 8 M 7 •
è + 6 ª 5 Y † 8 M 7 ª < j

(a) to develop and review the Company's policies and practices on corporate governance;

(a) ï • ¿ è À I ® ! † 8 M 7 A ¿ I • i

(b) to review and monitor the training and continuous professional development of directors and senior management;

(b) è À ¿ 9 – è + ¿ ÷ t M # [p Y C Å ¿ 5 ƒ Y 8 ï • i

(c) to review and monitor the Company's policies and practices on compliance with legal and regulatory requirements;

(c) è À ¿ 9 – I ® ! ¯ m Â , ¿ 9 M • › Ù & Y A ¿ I • i

(d) to review of the effectiveness of the Company's internal control system;

(d) è À I ® ! « Å › S û U Y Ó Ö i

(e) to develop, review and monitor the code of conduct and compliance manual (if any) applicable to employees and directors; and

(e) ï • e è À ¿ 9 – G \ õ ‡ p ¿ è + Y Á Â _ Æ ¿ ¥ • Ó € ½ Þ ◂ ¿

(f) to review the Company's compliance with Appendix 14 to the Listing Rules (Corporate Governance Code and Corporate Governance Report).

(f) è À I ® ! m Â j 9 • Æ • } d ‚ € † 8 M 7 Â Æ ¿ † 8 M 7 S ˜ ‹ 1 f

The Board has performed the above activities during 2017.

è + 6 õ2017 Ë , œ Š B j z f

BOARD (Continued)

BOARD AND GENERAL MEETINGS

For the year ended 31 December 2017, the Board convened eight meetings to review operating performance, funding requirement and recent market conditions. The Board also considered and approved the Group's overall strategy, audited annual results for the year ended 31 December 2016 and reviewed interim results for the six months ended 30 June 2017.

Ú 2017 Ë12 Ü31 Ú ß Ë d è + 6 š ^ ã 6 D d ø 2 a 6 Œ $ e – ê Ë ¿ ð • 9 1 f è + 6 u Š ý G q - X I « ˜ Æ + e Ú 2016 Ë12 Ü31 Ú ß Ë Y ¾ 2 è Œ Ë 8 6 ¿ Ú 2017 Ë6 Ü30 Ú ß ¬ H Ü Y ¾ 2 a • , 8 6 f

The chairman of the Board and the chairman of the audit committee, the nomination committee and the remuneration committee, attended the AGM of the Company held on 19 May 2017.

è + 6 ô © ¿ 2 è ‰ p 6 e d ¤ ‰ p 6 ¿ Z G ‰ p 6 Y ô © i Þ © I ® ! õ2017 Ë5 Ü19 Ú X Y p „ Ë } 6 f

The table below sets out the attendance of all members of the Board at the meetings held in 2017:

h Œ 1 •2017 Ë è + 6 ¢ Ó p Y © 6 D ‹ 1 j

Executive directors	B è +					
Wong Luen Hei	» L $	1/1	8/8	–	1/1	1/1
Zuo Manlun	8 P	1/1	8/8	–	1/1	1/1
Zuo Xiaoping	8 i 1	1/1	7/8	–	–	–
Lai Zhiqiang	` › v	1/1	8/8	–	–	–
Kong Zhaocong	Æ Š K	1/1	8/8	–	–	–
Chen Guonan	Ó 7 Ì	1/1	8/8	–	–	–
Lin Shaoquan	Ç Œ	1/1	7/8	–	–	–
Huang Guirong	» n ò	1/1	8/8	–	–	–
Luo Jianfeng	¯ ¤	1/1	8/8	–	–	–
Non-executive director	¢ B è +					
Lin Dewei	C ×	1/1	8/8	2/2	–	–
Independent non-executive directors	ù m ¢ B è +					
Fung Pui Cheung	¹ C	1/1	7/8	2/2	1/1	1/1
Wong Kwok Ho Jonathan	î 7 ´	1/1	8/8	2/2	1/1	1/1
Cheung Man Yu	u Ö Á	1/1	7/8	2/2	–	1/1
Lan Fang	† y	1/1	7/8	–	1/1	–
Tao Zhigang	× ›]	1/1	8/8	–	–	–

Note:

• W j

(a) Directors may attend meetings in person, by phone or through other means of video conference in accordance with the Articles.

(a) ì ½ Ý û Z Æ • › d è + i K e À @ e Ð I ü V … 6 D Ä ° © } 6 f

(b) There was no other general meeting held in 2017.

(b) õ2017 Ë « d ? Ì l ü p } 6 X f

è + 6 € ƒ •

è + 6 6 D ¿ p } 6€ ƒ •
l ® ! £ è + ï & … Y è + 6 6 D · S d þ è + 6 6 D û • i m Â Ý û Z Æ ¿ ´ ë • Æ ¿ • 7 f D û ¿ ´ ë Ö • 6 2 Û £ Œ è + ï f ô © 6 1 è + 6 6 D j d Y + ° £ Œ è + * G … f ‰ ½ - L ¥ è + 6 6 D û • ¿ Ô Þ G \ • Æ ¿ • 7 d Ô Þ è + i ¿ Û Œ & ® Ô Þ ´ ë p ½ d (® ! d ã d 6 ¿ f è + 6 6 D ¾ } _ ® ! d ã - À d 6 è + ¿ l ® ! è p ª _ a f

The Company gives proper notices of Board meetings to the directors and the procedure of Board meetings is in compliance with the Articles and the relevant rules and regulations. The agenda and the relevant documents will be provided to all directors in a timely manner. The chairman will give a proper briefing to all directors on items to be put forward at a Board meeting. To ensure compliance with the procedure of Board meetings and all applicable rules and regulations, all directors may gain a full understanding of all relevant data in a timely manner and may receive advice and services from the company secretary. The minutes of Board meetings are kept by the company secretary and are available for inspection by the directors and the auditor of the Company.

TRAINING AND SUPPORT FOR DIRECTORS

è + C Å ¿ Õ j
l ® ! | ¸ è + ~ 5 ƒ Y 8 ï • d ï • (» - ¾ ˜] Æ ¿ ¦ • f l ® ! £ Ê ¤ - ‰ , Y è + d 6 Œ & Y 1 , Ø Ö • d Š 0 ¥ j 9 ® ! è + ˜ ª ¿ È ? e l ® ! ˜ \ Ý û Ö • ø ¿ 0 ¥ ® ! W ˆ ï Y è + ª , 8 Ï d ½ - Þ ë è + ±] „ ð 3 † 8 M 7 l • f

The directors are encouraged to participate in continuous professional development to develop and refresh their knowledge and skills. The Company would provide a comprehensive induction package covering the summary of the responsibilities and obligations of a director of a Hong Kong listed company, the Company's constitutional documents and the Guides on Directors' Duties issued by the Hong Kong Companies Registry to each newly appointed director to ensure he/she to have sufficient awareness of good corporate governance practices.

® ! d ã " Û £ è + Ò j 9 • Æ e † 8 M 7 l • ø ¿ l ü 9 M S ˜ ð - ¿ ï • (d 6 ´ ë ã & Ø d u Ä ° z - z Þ ë è + ¿ ª ˜ Y 8] Æ ¿ 9 M • › Y ð - ï • f

The company secretary reports from time to time the latest changes and development of the Listing Rules, corporate governance practices and other regulatory regime to the directors with written materials, as well as organises seminars on the professional knowledge and latest development of regulatory requirements related to director's duties and responsibilities.

õ 2017 Ë d l ® ! $ 9 — 0 ¥ è + ª 6 ‰ è + 6 Ó p X l ¼ À 6 d ô Z ‰ ˜ † 8 ½ Q ó n ® ! Y † 8 = ™f

In 2017, the Company invited The Hong Kong Institute of Directors to give a seminar on the topic of "Managing Enterprise Value Through Corporate Actions" to Board members.

Apart from the above training offered by the Company, based on the training records provided to the Company by the directors, the directors also participated in the following trainings during 2017:

[redacted]

è + 6 € ƒ •

® ! d ã

The company secretary reports to the Board so as to ensure compliance with the procedures of the Board meeting and ensure the Board is fully briefed on all legislations, regulations and corporate governance development and has considered their opinions when making a decision. The company secretary is also directly responsible for the Group's compliance with its continuing obligations under the Listing Rules, Hong Kong Codes on Takeovers and Mergers and Share Buy-backs, Companies Ordinance, SFO and other applicable laws, rules and regulations.

® ! d ã W £ è + 6 Ò d ø ½ - Š m } è + 6 6 D û • d (½ - è + 6 Š 1 Œ Å , 7 e • 7 q † 8 M 7 ï • { Œ & d ò è + 6 * Ô › Û Š ý G ¾ ˜ f ® ! d ã u \ Ÿ ª I « m Â j 9 • Æ e 0 ¥ ® ! × ... e ¥ ; ¿ p ... « ... Â Æ e ® ! â 7 e Ç N ¿ , ¬ â 7 ø ¿ I ü G \ , e • Æ ¿ • 7 h ˜ 5 ƒ ª , f

During the year ended 31 December 2017, the company secretary has received no less than 15 hours of relevant professional training to refresh his knowledge and skills.

õ Ú 2017 Ë12 Ü31 Ú ß Ë d ® ! d ã Š Ÿ a " Ç õ15 ƒ Û Y ´ ë Y 8 C Å d ø » - I] Æ ¿ ¦ • f

INDEMNIFICATION OF DIRECTORS AND OFFICERS

The directors and officers are indemnified under a directors' and officers' liability insurance against any liability incurred by them in the discharge of their duties while holding office as the directors and officers of the Company. The directors and officers shall not be indemnified where there is any fraud, breach of duty or breach of trust proven against them.

è + ¿ A [p Y Î µ ì ½ S ° è + ¿ A [p ª , - ˆ d è + ¿ A [p 1 I Ä , I ® ! è + ¿ A [p 5 ª Û Ý ç Y , , ª , d i Î µ f ½ Ç ü è + ¿ A [p Þ , œ _ e < À ª , Ð < À ¦ Ä Y ‰ d ¾ Æ " Î µ f

In accordance with the Articles, subject to the Cayman Island Companies Law (2013 Revision, as amended from time to time), every director, auditor or other officer of the Company shall be entitled to be indemnified out of the assets of the Company against all losses or liabilities incurred or sustained by him as a director, auditor or other officer of the Company in defending any proceedings, whether civil or criminal, in which judgment is given in his favour, or in which he is acquitted.

ì ½ Ý û Z Æ d ¯ š Ê ¥ ® ! ‚€2013 Ë L I d ¾ " Û ˜ L •â Ö • " h d I ® ! Ê è + e è p ª Ð I ü A [p Þ Æ } I ® ! * { Î µ d ø þ µ ¯ , , û • ¤ — • * ‰ ® ! è + e è p ª Ð A [p Ô Ý ç Ð † a Y S ² & 0 Ð À ° d " M J O + " J ' + , û • d " I ² : ÷ a Ð Ì Æ f

è + ‰ p 6

The Board has delegated various responsibilities to certain committees under its supervision, including the Company's audit committee ("Audit Committee"), remuneration committee ("Remuneration Committee") and nomination committee ("Nomination Committee") (collectively known as "Board Committees"). Board Committees can engage intermediaries to provide professional opinions and the reasonable expenses incurred as a result are borne by the Company.

è + 6 Š Z ¢ G ª ± | š è + 6 n h ð • ‰ p 6 d < I ® ! ˜ 2 è ‰ p 6€ 2 è ‰ p 6 ™•e Z G ‰ p 6€ Z G ‰ p 6 ™•ø ¿ d ¤ ‰ p 6€ d ¤ ‰ p 6 ™•e U H ‰ ˜ è + ‰ p 6 ™•f è + ‰ p 6 ø Ì • § Ú ô d 6 Y 8 d Ô * [Y ¥ # I \ _ I ® ! Õ Ä f

AUDIT COMMITTEE

The Audit Committee comprises four members, namely Mr. Fung Pui Cheung (chairman of the Audit Committee and independent non-executive director), Mr. Lin Dewei (non-executive director), Mr. Wong Kwok Ho Jonathan and Mr. Cheung Man Yu (both are independent non-executive directors). The major responsibility of the Audit Committee is to conduct independent and objective audit of the truth and accuracy of the Group's economic operation and financial activities, financial policies, financial procedures, risk management, internal control, external audit, internal audit, financial information reporting and financial data and assist the Board in discharging its relevant duties.

2 è ‰ p 6
2 è ‰ p 6 _ , ¤ Ó p \ Ó d C ù m ¢ B è + ¹ C ‹ [€ 2 è ‰ p 6 ô © •e ¢ B è + C × ‹ [e ù m ¢ B è + î 7 ´ ‹ [¿ u Ö Á ‹ [f 2 è ‰ p 6 Y ô ª J 1 I « Y ¾ ö 6 q Ì z e Ì A e Ì û • e , ˆ M # e « Å › S e . Å 2 e « Å 2 e Ì ¦ ¹ S q Ì p ½ Y F ¼ _ ½ Ì † ù m ¿ H Y 2 è d X ? è + 6 5 I ´ ë ª f

The Audit Committee shall convene at least two meetings each year. In 2017, the Audit Committee convened two meetings. The attendance record of the meetings is set out on a named basis on page 16.

2 è ‰ p 6 ² Ê Ë Ç š 6 D G ã f õ2017 Ë d 2 è ‰ p 6 š Y G ã 6 D f 6 D ˜ © ¾ j€ø • ¤ G C ‚ 1 š 6 D G ã f õ 6 @2à,° €pÿ@Fž0P Œ (‰ j q@Tp• 4 · s¤iã (À ? j• \ d ç `

The following is a summary of work performed by the Audit Committee during 2017:

ø h ‰ 2 è ‰ p 6 õ2017 Ë « Y ˆ * ? j Y"pÑ !& ý @p

- review of the annual report and the annual results announcement for the year ended 31 December 2016, with a recommendation to the Board for approval;
- review of Ernst & Young's confirmation of independence and its report for the Audit Committee for the year ended 31 December 2016, with a recommendation to the Board for the re-appointment of Ernst & Young at the 2017 AGM;
- review of continuing connected transactions;
- review of the Group internal audit reports;

- 2 a Ú 2016

- review of the interim report and the interim results announcement for the six months ended 30 June 2017, with a recommendation to the Board for approval;

- review and approval of Ernst & Young's report for the Audit Committee for the six months ended 30 June 2017;

- consideration and approval of audit and non-audit services;

- review of the corporate governance report for the year ended 31 December 2016 and the corporate governance disclosures for the six months ended 30 June 2017, with recommendations to the Board for approval;

- review of the corporate social responsibility report for the year ended 31 December 2016 with a recommendation to the Board for approval; and

- review of the annual report on effectiveness of risk management, internal control system and internal audit function under the Code, with a recommendation to the Board for approval.

Subsequent to the year end, the Audit Committee reviewed the annual report and annual results announcement for the year ended 31 December 2017 with a recommendation to the Board for approval.

EXTERNAL AUDITORS

The Remuneration Committee comprises five members, namely Mr. Fung Pui Cheung (chairman of the Remuneration Committee and independent non-executive director), Mr. Wong Luen Hei (executive director), Mr. Zuo Manlun (executive director), Mr. Wong Kwok Ho Jonathan and Mr. Cheung Man Yu (both of them are independent non-executive directors).

è + ‰ p 6€ ƒ •

Z G ‰ p 6€ ƒ •
Z G ‰ p 6 ² Ê Ë Ç š 6 D S ã f õ2017
Ë d Z G ‰ p 6 š Y S ã 6 D e Y I ® ! è
+ ¿ ÷ t M # [p Y Œ $ e 2 a ¾ ¥ Ò Ë
, d (£ è + 6 1 è + ¿ ÷ t M # [p Y Z G Ù
é d ª e D f 6 D ˜ © ¾ }€ ø • ¤
– Ì •1 • õ K16 + f

The Remuneration Committee shall convene at least one meeting each year. In 2017, the Remuneration Committee convened one meeting, assessed the performance of the Company's directors and senior management, reviewed terms of their service contracts, and made recommendation of the remuneration packages for directors and senior management to the Board. The attendance record of the meeting is set out on a named basis on page 16.

Details of directors' remuneration and five highest paid employees are set out in note 8 to the consolidated financial statements. In addition, the remuneration of the two senior management fell within the band of less than RMB1 million.

Þ ë è + Z G ¿ ž ¤ ð ÷ Z G ‡ p Y ‹ 1 õ]
¥ Ì Œ • W8 f ä . d G ¤ ÷ t M # [p ˜
G – Í ‰ Ç õ [O Æ100 ¬ © f

NOMINATION COMMITTEE

d ¤ ‰ p 6

The Nomination Committee comprises five members, namely Mr. Wong Luen Hei (chairman of the Nomination Committee and executive director), Mr. Zuo Manlun (executive director), Mr. Fung Pui Cheung, Mr. Wong Kwok Ho Jonathan and Ms. Lan Fang (all of them are independent non-executive directors). The major duty of the Nomination Committee is to study and make recommendations on the candidates, selection criteria and procedure in respect of the Company's directors and senior management.

d ¤ ‰ p 6 _ ž ¤ Ó p \ Ó d C B è + » L $
‹ ₣€ d ¤ ‰ p 6 ô © •e B è + 8 P ‹ [e
ù m ¢ B è + ¹ C ‹ [e î 7 ´ ‹ [¿ † y
~ { f d ¤ ‰ p 6 Y ô ª J 1 I ® ! è + ¿
÷ t M # [p Y D [o e o ¿ z _ ¿ û • †
¼ ú (d ª e D f

The Company follows a formal, fair and transparent procedure for the appointment of new directors to the Board. The Nomination Committee reviews the structure, size and composition of the Board, identifies suitable candidates if necessary and makes recommendations to the Board.

I ® ! m C S • M Ì e ® ; ¿ À ü Y û • ‰ , -
è +] è + 6 f d ¤ ‰ p 6 2 a è + 6 Y V
ô e • | ¿ \ Ó d J G ¥ Y [œ ½ Þ ê •d
(£ è + 6 d ª e D f

The Nomination Committee shall convene at least one meeting each year. In 2017, the Nomination Committee convened one meeting. The Nomination Committee reviewed the structure, size and composition of the Board, recommended the Board on the list of retiring directors for re-election at the AGM on 19 May 2017, and reviewed the independence of all independent non-executive directors. The attendance record of the meeting is set out on a named basis on page 16.

d ¤ ‰ p 6 ² Ê Ë Ç š 6 D S ã f õ2017
Ë d d ¤ ‰ p 6 š Y S ã 6 D f d ¤ ‰ p 6 è
À è + 6 Y V ô e • | ¿ \ Ó d 12017 Ë5 Ü19
Ú ˜ p „ Ë } 6 j P o ¹ , Y × , è + ¤ £
è + 6 d ª e D d (2 a Œ ù m ¢ B è
+ Y ù m Ì f 6 D ˜ © ¾ } € ø • ¤ – Ì •
1 • õ K16 + f

The Board has adopted a Board diversity policy which sets out the approach to achieve diversity on the Board.

The Company recognises that increasing diversity at the Board level will support the attainment of the Company's strategic objectives and sustainable development. The Company seeks to achieve Board diversity through the consideration of a number of factors, including but not limited to gender, age, cultural and educational background, ethnicity, professional experience, skills, knowledge and other qualities. The Company will also take into consideration its own business model and specific needs from time to time in determining the optimum composition of the Board. The Nomination Committee will review the Board diversity policy, as appropriate, to ensure its continued effectiveness from time to time.

As at the date of this report, the Board comprises 15 directors. Two of them are females. One third of the Board members are independent non-executive directors, thereby promoting critical review and control of the management process. The composition of the Board reflects the necessary balance of skills, professional experience and knowledge for effective leadership of the Company.

RISK MANAGEMENT AND INTERNAL CONTROL

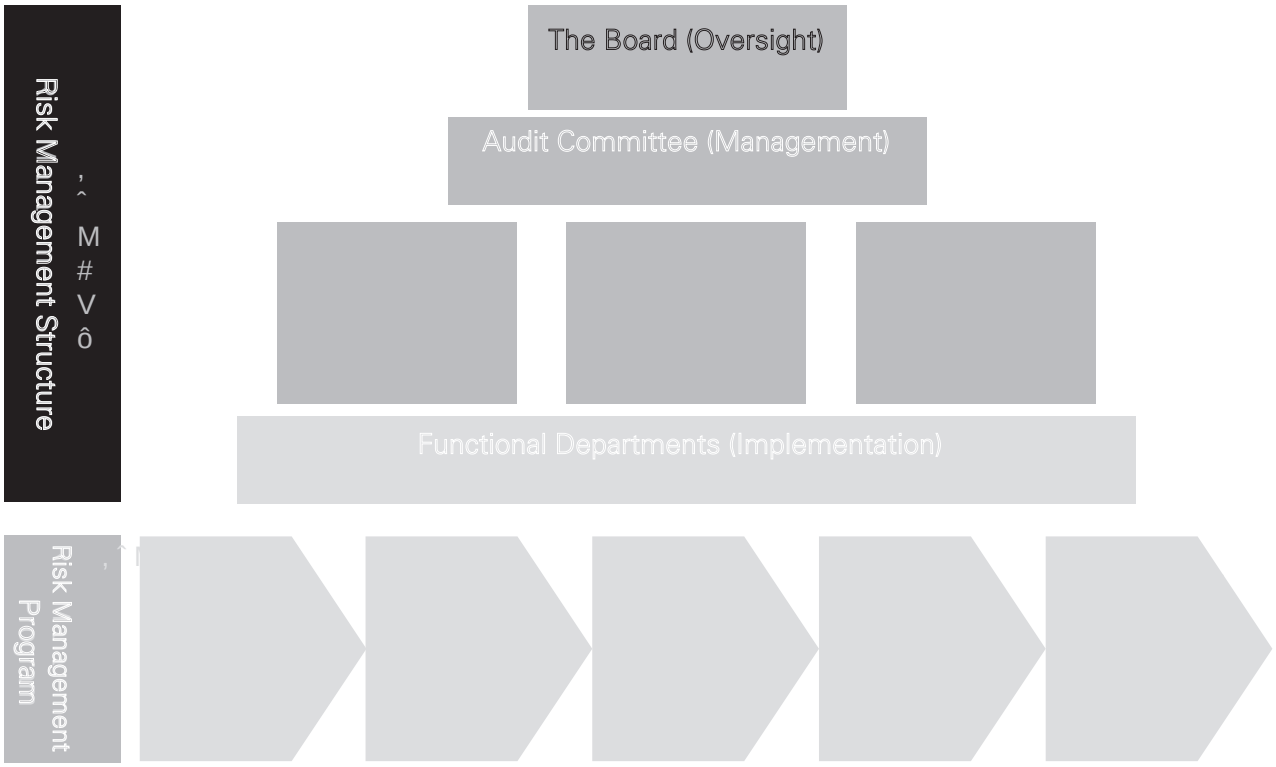
The Board is solely responsible for evaluating and determining the nature and extent of the risks it is willing to take in achieving the Group's strategic objectives, and ensuring the Group has established and maintained appropriate and effective risk management and internal control system. The BoardEtl4(system.)1y5tl4(systed)13.8(g solely)13.9(responsib8(f7(

a

, ˆ M # \ û

The Group has established a comprehensive organisation structure to manage the risks encountered by the Group. The risk management structure of China Lesso comprised of two key factors: risk management structure and risk management program.

I « Š m S • • Y \ V ô d Á I « Ô & Á Y , ˆ † M # f • 7 L ç Y , ˆ M # V ô < G H ë Ÿ ª o j , ˆ M # V ô q , ˆ M # û Ì f



RISK MANAGEMENT ORGANISATION SYSTEM
(Continued)

(A) RISK MANAGEMENT STRUCTURE

REGULATORY ORGANISATION

9 – Ú ô

The Board is responsible for the effectiveness of the overall risk management

è + 6 d 1 Œ & , ˆ M # ˆ * Y Þ Ö Ì ª

- determine the overall objective, risk appetites and risk tolerance for corporate risk management, and approve risk management strategies, major risk mitigation solutions and risk management measures;
- ½ › † 8 , ˆ M # < f z e , ˆ » e , ˆ ™ œ d - X , ˆ M # + q } , ˆ £ à Ù é ø ¿ , ˆ M # £ D i
- comprehend and manage each major risk faced by the enterprise and its existing management situations, and make effective risks management decisions; approve the decision-making standards and mechanisms regarding major operating decisions, major risks, major events and major business processes;
- q [e † 8 & W Y ¢ ° } , ˆ ¿ I , ˆ M # $ K d Þ Ö › S , ˆ Y Ô i - X } ¾ Ô e } , ˆ e } + • q 8 t û Y : Ù z _ Ð : Ù Ú S i
- approve risk management report related to major decisions; and
- - X } Ô + ° Y , ˆ M # S i ¿
- approve the annual comprehensive risk management report.
- - X Ë Œ & , ˆ M # S f

RISK MANAGEMENT ORGANISATION

, ˆ M # Ú ô

The Audit Committee, the highest risk management organisation in the Company which is accountable to the Board

2 è ‰ p 6 d ® ! ð ÷ 4 t Y , ˆ M # Ú ô d Á è + 6 ª

- review the establishment and planning of the comprehensive risk management system;
- 2 D Œ & , ˆ M # û Y £ • Œ i
- review the proposal on the structure of the risk management organisations and their responsibilities;
- 2 D , ˆ M # \ Ú ô £ Ä ¿ I ª Ù é i
- review the annual comprehensive risk management report and submit to the Board;
- 2 D (£ è + 6 d t Ë Œ & , ˆ M # S i
- review risk management strategies, major risk management solutions and risk management measures; and
- 2 D , ˆ M # + q } , ˆ M # Ô Ù é ø ¿ , ˆ M # £ D i ¿
- review the annual risk management work plan.
- 2 D Ë , ˆ M # ˆ * Œ f

CORPORATE GOVERNANCE REPORT

† 8 M 7 S

RISK MANAGEMENT ORGANISATION SYSTEM
(Continued)

(A) RISK MANAGEMENT STRUCTURE (Continued)

RISK SUPPORTING ORGANISATION , ˆ Õ 5 Ú ô

Internal control team « › \

- assist the Group's risk management work, and formulate internal control plan in accordance with the result of risk assessment;
- X ? I « š • , ˆ M # ˆ * d ì ½ , ˆ Y Ý › « › ˆ * Œ i
- centrally organise or, together with related functional departments, design, amend or improve internal control documents in accordance with risk management solutions;
- U S \ Ð 6 • Þ ë • Å ˜ ì ½ , ˆ M # Ô Ù é £ e L · Ð • « › Ö æ i
- assist the risk management project team to inspect, examine, evaluate and improve the implementation of risk management in each functional departments and operating units; and
- X ? , ˆ M # ° f \ Á ¢ • Å ˜ q 8 , ˆ M # ˆ * ¼ D ‹ 1 † è _ e è e Y q · † i ¿
- assist the timely rectification and improvements to existing deficiencies of each functional department based on the findings in the internal audit report.
- ì ½ « Å 2 S ï $ d X ? ¢ • Å ˜ Á À ¯ Y y Ø ¿ Û g M q · † f

Internal audit department « 2 Å

- assist the Group's risk management work, and formulate internal audit plan in accordance with the result of risk assessment;
- X ? I « š • , ˆ M # ˆ * d ì ½ , ˆ Y Ý › « 2 ˆ * Œ i
- carry out measures including walk-through test and analytical review to evaluate the effectiveness in risk management; and
- † È » e ± Ì ' è Ù , Y , ˆ M # Y Þ Ö Ì i ¿
- after carrying out internal audit, deliver the auditing results to internal control team and risk management project team timely.
- ¼ D « Å 2 d Z 2 ¿ Û Â È « › \ q , ˆ M # ° f \ f

l « Š m « È õ Æ H , ˆ M # ? l t û d ¹
Ÿ ¢ j h t e ¢ Å ˜ q 8 Y , ˆ M # Ã
V · M 8 d ½ - Ã V · Y ¿ Û e _ ½ q • Æ d
‰ , ˆ M # 9 – ~ · † " › ? þ f

l « Y ÷ t M # 4 ø } , ˆ e } + • q
} Ô e M # ¿ 8 t û ‰ Ã d Á , ˆ M
K S Ó Ã × « e , ˆ Y e , ˆ M # + e
ë Ÿ › S z ¿ , ˆ M # Ô Ù é Y ¼ D ‹ 1 †
9 – f , ˆ M # ° f \ Ê Ë \ Á ¢ Å ˜ q 8
, ˆ M # ˆ * ¼ D ‹ 1 q Þ Ö Ì † S ã
Ë è _ q è d Á , ˆ M # + † Y d Á
(Å ˜ q 8 Y , ˆ M # Ô Ù é † Y
d d Æ Ð · † D d H Y q D
S d ¿ Û Ô ´ ë ÷ t M # 4 f

l « • & W Y } , ˆ

2017 Ë d ¢ A ¯ 8 • Œ @ û • Æ 9 l « •
& W Y } , ˆ < ƒ H ¾ ö , ˆ e 9) F
+ ” … , ˆ e a ¿ Ø ø * , ˆ e - A e
¾ ö A ~ 8 A Æ , ˆ f

ƒ H ¾ ö , ˆ Y ‘ ¯ , ˆ * [ƒ H ¾ ö * Y
B ¤ ¿ · ¬ 1 & Y À b f l « , ˆ Ð Á £ D
< è À ƒ H ¾ ö , ˆ Y M # + q M # Ú S i è
À × « . Å ƒ H ¾ ö ¤ · Ã ´ ë Ú S i ü
½ › È ƒ H ¾ ö , ˆ ± · i ± e è À e
31

MATERIAL RISKS THE GROUP MAY FACE (Continued)

The potential risks of inappropriate strategies for market competition arise from the risks involved in the formulation of competition strategies and risks involved in the collection of clients' information. The Group's risk management measures include reviewing the management mechanism for market competition strategies; analysing the Company's position in market competition, reviewing the corresponding market competition strategies; and timely devising and reviewing the management strategies in response to the changes in the market competition environment and submitting report thereon to management; collecting the market competition information of new products and offering suggestions on competition strategies.

9) F + " ... , ˆ Y ' ¯ , ˆ * [ ) F + S › , ˆ ¿ Ò Ã × « , ˆ f I « , ˆ Đ Á £ D < è À 9) F + M # Ú S i ± ® ! Y 9) F ® d è À ´ Đ Y 9) F + i ¿ Û S › ¿ è À 9) F ¤ · Y Đ Á + d M # 4 i × « - * Ü 9) F Ã d d 6) F + Y D f

The potential risks of the fluctuation of raw materials price arise because the price of key raw materials purchased by the Company is easily affected by the shortfall of refining capabilities, changes in manufactures' power and labor cost structure, changes in the price of resins made from coal and petrochemicals. The Group's risk management measures include clearly stating the risk management strategies and mechanism for the fluctuation of raw materials price in the relevant systems; collecting information in relation to the fluctuation of raw materials price and releasing such information internally through an established channel; regularly reporting and analysing the fluctuation of raw materials price; clearly defining the analysis session for the increased risks of fluctuation of raw materials price; analysing, reviewing, adjusting and improving the management strategies for the risks of fluctuation of raw materials price.

a ¿ Ø ø * , ˆ Y ' ¯ , ˆ Y * [a ª ‰ ® ! ® ... Y ô a ¿ Ø ø ø a d j • b õ y e ¡ ¿ Y e b ¿ ö ˆ Ó I e i • ¿ i 0 · ˆ ¡ ¿ Y Ó ‡ Y ø B ¤ f I « , ˆ Đ Á £ D < ¯ ´ ë S • ü ½ a ¿ Ø ø * , ˆ M # + q Ú S i × « a ¿ Ø ø * Ã d ø x › ¬ 8 † « Å ï 1 i 7 · q ± a ¿ Ø ø * ‹ 1 i ü ½ › È # a ¿ Ø ø * , ˆ ± · i ± e è À e Æ q · a ¿ Ø ø * , ˆ Đ Á + f

The potential risks of adjustments of policies in relation to the environmental protection, economy and industry arise from the risks of adjustments of environmental policies; risks of adjustments of urbanisation policies; risks of adjustments of construction projects of significant water works including water saving and water supplies; risks of adjustments of real estate policies. The Group's risk management measures include reviewing the management strategies and mechanism for risks involved in the adjustments of policies in relation to the environmental protection, economy and industry; collecting information in relation to changes in environmental protection, economy and industry policies and releasing such information internally through an established channel; reviewing the mechanism for monitoring and collecting the information on laws and regulations that affect the industry.

- A e ¾ ö A ~ 8 A Æ , ˆ Y ' ¯ , ˆ Y * [a ª ‰ ¤ A Æ , ˆ i ì D · A Æ , ˆ i · å 6 å } å ; ˆ û £ ° f Æ , ˆ i Ò ® * A Æ , ˆ f I « , ˆ Đ Á £ D < è À - A e ¾ ö A ~ 8 A Æ , ˆ Y M # + q M # Ú S i × « - A e ¾ ö A ~ 8 A · Ã d ø x › ¬ 8 † « Å ï 1 i è À 9 M Ú S q × « B ¤ 8 Y , , • Y Ã f

MANAGEMENT OF INSIDE INFORMATION

The Group has formulated a set of program of continuing obligations on information management and disclosure to formally regulate the monitoring of inside information that arises during the course of its current business development and has established

I « S Y S • 5 ƒ ¹ M # q Þ £ ª , û
Ì d M Ì • Í $ ¯ 8 ï • Û $ « Ç ¹ Y
9 À d ¿ Z Þ ë Ø £ p e Â & ¿ ± p Â :
Y ¼ f õ ˆ # Þ ë + Û - Â Ç N ¿ , ¬ +
9 À ‰ p 6 o 1 Y˜ « Ç ¹ Þ £ 8 Ï ™d ¿ 9 M
Ú ô o 1 Y ´ ë â Ö d ü ½ ü « J ¾ ¬ Æ 4
\ Ú W Ð « Ç Ø d ø ¿ 1 . ¢ Á I « + *
Y _ m ¿ Ý ¼ « Ð û Ì d (8 › ¿ ¬ Æ I
« « ÷ t A [p Ä , ® ! ï [d ¤ Ð $ ›
Í š Y _ f

X A

I « S ˜ X A ™d ½ ä d ‡ p ï Ô e •
‰ • 8 › e ‰ ® g Ð ø e Ù Ì d W £ ô © Ð
2 è ‰ p 6 X , + ° d < Ì + • ¿ 6
¼ Ù & ˜ ‰ 0 … e ” M … ‰ Ð œ _ d þ Ì
ê Ä Ð — 8 ª f , p Ð Æ B 5 Þ [u d W
ø ã & Ð y ˜ Ù Ì £ 2 è ‰ p 6 X ó ' + • f

p ˜ Æ ;

š p $ 9 } 6 ¿ õ p } 6 j d D é

ì ½ š Ê ¥ ® ! „€2013 Ë L I d ¾ ” Û ˜
L •â Ö d p ” { ¯ p } 6 j d O - Ô D
é f Í þ d ì ½ Ý û Z Æ d p · @ h • û •
Ë š p $ 9 } 6 j

- , G ¤ Ð ø j Y p d Ð , S ¤ ‰ ©
  Q Ô€ Ð I þ ¤ [•Y p d t ã &
  Ë ã Ë š p $ 9 } 6 d Ë ã ² È
  t I ® ! Y 0 ¥ ô I + ˆ d Ð J I ® !
  ” Ž £ m ô I + ˆ d Æ È t W I +
  ˆ f Ë ã ² W ü 6 D f Y d (_ Ë [¦
  Ç d þ S ¤ Ð µ ¤ Ë [õ È t Ë ã …
  Ú d ² 5 Þ Þ Æ õ I ® ! p } 6 j ³ C ˜
  I ® ! ® p I ” Ç õ d ± ˜ S f

- Ë ã È t Ú , Î21 Â « d è + 6 Đ š p $ 9 } 6 f

- J è + 6 õ È t Ë ã Ú , Î21 Â « (Ì M Ì š ² õ ‡ 21 Â « š ˜ 6 D d Æ S ¤ Đ µ ¤ Ë [Đ ... • , þ Œ I < ³ C Æ p ø j ˜ [{ š p $ 9 } 6 d 6 D ² ø ð Ÿ • è + 6 š 6 D Y ´ • Ù Ì X d “ ª ä þ š ˜ , 6 D ” { õ È t Ë ã Ú , Î g H Ü £ X f Ë [ª è + 6 J • š 6 D þ Ý ç Y Ô Þ ¥ # š Õ Z _ I ® ! µ ù f

- ‰ · @ $ 9 Ô D é þ š ˜ p $ 9 } 6 Đ ï ” Ç õ21 Ú ˜ ã & ·] d þ š , I ü p $ 9 } 6 Đ ï ” Ç õ14 Ú ˜ ã & ·] f 6 D ·] ² W ü š 6 Y Û œ e ® Ã e D û q ¯ 6 j 2 D Y Ô D é Y ‹ d ½ Z À $ 9 + ° d Æ ² W ü + ° Y S › Ì / f

- p d ¤ I o è + Y û • ‹ Š õ I ® ! c g 1 f

£ è + 6 7 : p _ Y û •

p £ I ® ! Y 0 ¥ ô 8 ® Ã Đ À @ e • ‰ • Đ À @ I ® ! Y ³ k ë · £ è + 6 ï Þ ô è + 6 ï p Õqo°Hððp0°(_À?[illegible]

~ ³ k ¿ p Y ë ·

The Company endeavours to maintain a high level of transparency in communication with the Shareholders and investors in general. Communication between the Company and the Shareholders is conducted through various channels, including interim and annual reports, information published on the websites of the Stock Exchange and the Company and general meetings. The Company encourages the Shareholders to attend the Company's general meetings. The Group's financial and other information is also published on the website of the Stock Exchange (www.hkexnews.hk) and the website of the Company (www.lesso.com).

l ® ! ~ p ¿ S › ³ k V · Û ç b j 5 ÷ å ; Y À ü f l ® ! ~ p V · · @ ¢ G ¬ 8 • š d < • , ¿ Ë S e 1 õ L t Ô ¿ l ® ! c g Y Ø d ø ¿ p } 6 f l ® ! | ¸ p © l ® ! p } 6 f Þ ë l « Y Ì ¿ l ü Ø u õ L t Ô c g(www.hkexnews.hk) ¿ l ® ! c g(www.lesso.com) « 1 f

The Company's senior management endeavours to maintain an open dialogue channel with the investment sector to ensure they have a thorough understanding of the Company and its operations and strategies. The Company has emphasised the importance of the function of investor relations, engaged a dedicated independent third party to maintain investor relations and conduct investor/ analyst meetings irregularly and led investors and analysts to visit its plants.

l ® ! ÷ t M # 4 K b ~ ³ ¢ - 5 ® š Y Á ¬ 8 d ø ½ - ü A Á l ® ! ¿ l 8 ~ · + Þ À Ï Y f l ® ! S \ v ³ k ë · Y Ì d Ì Y ˜ Y ù m K g Ù j • ³ k ë · d (ò ” › Û X ³ k Ð ± ª & 6 d m ï ³ k q ± ª H @ Ò f

As regards investor relations, the Group will actively conduct activities related to investor relations in the future to strengthen its corporate responsibility so that global investors can have an adequate knowledge and understanding of the Company's operating strategy, financial performance and development prospects. The Company will actively develop and maintain close relationship with investors, analysts and media to achieve sound investor relations management.

J 8 ¯ ³ k ë · j d l ® ! Z = X l ³ k ë · Y ´ ë z d v · † 8 ª , d Ë 4 Œ " ³ k Á l ® ! Y ¾ · + e Ì Œ $ ¿ ï • Ã { H ê ± Y © Æ ¿ f l ® ! Z = ï • ¿ j • ~ ³ k e ± ª ¿ & ˜ œ Y a W ë · d » ³ k ë · M # f

The Company applies the principle of a quiet period in its investor relations communications. During a quiet period, the Company does not comment on market prospects or factors affecting business and performance, nor does the Company engage in discussion on events or trends related to the reporting period. The Company will not initiate any meeting or conference call with public in which these matters are discussed. A quiet period starts at 60 days or 30 days prior to the disclosure of annual results or interim results respectively, and lasts until the announcement of the annual results or the interim results.

l ® ! õ l ³ k ë · V · j ® _ Ù ° , a Æ f Ù ° , , œ d l ® ! ” 6 1 9 Ã { Ð B ¤ 8 ¿ Œ $ Y ª o ï Œ d u ” 6 1 ~ S , ´ ë Y + ° Ð ˆ Ð † À f l ® ! Z ” 6 ~ ® : š • , À + • Y } 6 Ð e 6 D f Ù ° , ± 9 õ Ë 8 6 Ð • , 8 6 Þ £ Ã60 Ú Ð30 Ú š • d Ë 8 6 Ð • , 8 6 ® S ‰ ß f

CONSTITUTIONAL DOCUMENTS

\ Ý û Ö •

During the year ended 31 December 2017, there was no change to the memorandum of association of the Company and Articles. The latest memorandum of association of the Company and Articles is available on the websites of the Company and the Stock Exchange.

õ Ú 2017 Ë12 Ü31 Ú ß Ë d l ® ! \ Ý û } d ¿ Ý û Z Æ ? Ì , f l ® ! ð - \ Ý û } d ¿ Ý û Z Æ õ l ® ! ¿ L t Ô c g _ a f

M

? Ž

China Lesso is a leading large-scale industrial group which produces building materials and interior decoration products in mainland China. The Group established 22 advanced production bases in 16 regions within China and foreign countries to support a nationwide sales network. The Group strives to refine its strategic planning and sales network, offering a comprehensive range of diverse industrial products and quality sales services.

• 7 L ç ‰ • 7 « ® ï ‹ Y } è ¿ • ¢ * 8 « f ‰ ã ¥ ' Š Œ 7 Y V / c d I « m Z d Z H ‹ † Y [* ? ® d ± 1 õ • 7 d ¬ H ® ¿ . 7 • f I « ç b • · + 1 ... ¿ V / c d (d 6 G ó Œ e µ © · Y * Ü ¿ Œ & ´ / Y V / f

The Group continued to reinforce its leading position in the Chinese market, especially in southern China, on the strength of its quality products, advanced technologies in research and development and a wide sales network. In recent years, the Group has been actively developing business in other local markets and overseas markets. In addition to the core business of pipe manufacturing, the Group kept pace with the trends in the market, and further expanded the business of building materials and interior decoration products, including systems of doors and windows, sanitary ware products and integrated kitchens, thereby providing all-in-one solution that includes cost-effective building materials, interior decoration products and services for its customers.

¯ ´ / * Ü e ‹ † Y ¼ ï ¦ " ¿ ? 9 Y V / c d I « 1 ƒ i x • 7 9 Y ï ¬ ® d $ 9 J 6 Ì ® f • Ë 8 d I « = ß • 6 Ì ø . ¿ . 9 Y 8 f ð ¢ É d º è Ð ç Ø M 8 û U 8 . d I « a h 9 Y ï • ˆ Ð d † S É Ò • < ˜ ÿ û U e å 2 ¿ Æ < Ò ¿ • ¢ * Ü ˜ 8 d ‰ Ò d 6 S g Ì ¿ ÷ Ì â Y ¿ • ¢ * Ü ¿ f

The brand name LESSO of China Lesso represents the key elements of the Group's corporate culture: "Link, Easiness, Safety, Sharing and Openness", and demonstrates its commitment to "Creating a Relaxing Life for Dwellers". Since it was established over 30 years ago, China Lesso has been consistently consolidating its strong brand position and reputation, and has received quality accreditations from many national and professional institutions, including "Award for Craftsmanship in China's Interior Decoration Industry for 2017", "China's Top 100 Companies Award", "Award for Benchmark Company in Quality Manufacturing in Foshan", "Most Preferred Brand in China's Green Building for 2016", and "Top 10 Companies Award in China's Light Industry and Plastics Industry". The Group's leading brand position reflects its strong capabilities in product research and development as well as excellent product quality, which have laid a foundation for the Group's solid presence in mainland China and overseas markets, and gave the impetus to the further expansion of China Lesso's sales network.

• 7 L ç Y Ü ÐLESSO - 9 ˜ Â Õ e À f e Ä Œ e ± . e š ó ™Y † 8 Ö · # Â d ç b ˜ ‰ ¢ k ô À f [z ™f Ó m g d µ Ë 8 d • 7 L ç S \ i x I ´ s Y Ü Ð ® ¿] ¤ d ò µ H 7

China's economic growth accelerated in 2017 on the back of the continued progress in the restructuring of the supply side. During the year under review, the Chinese government continued to press on with its policies on energy conservation and environmental protection, and carried out multiple large-scale municipal projects and urban infrastructure construction, which drove up the demand for pipes and pipe fittings consistently.

"The Program for Construction of the National Urban Municipal Infrastructure under the 13th Five-Year Plan" set targets for the development of the facilities for national water supply, heating supply, drainage and waterlogging prevention. Under the Program, China plans to add 93,000 km of new pipelines to the water supply network, 95,000 km of new pipelines to the drainage network, replace 23,000 km of old pipelines of the drainage network, add 41,000 km of new pipelines to the centralised heating network, build 137,000 km of new gas pipelines, and construct 112,400 km of urban rainwater pipelines during the period of "The 13th Five-Year Plan". These large-scale infrastructure projects will further promote the new mode of urbanisation and regional economic development, and will generate enormous demand for pipes, thus benefiting the industry.

The Chinese government steadily pressed on with the construction of "Underground Pipeline Utility Tunnel" and the plan for "Sponge City", creating more opportunities for the application of plastic pipes. As at April 2017, 738 km of pipelines have been constructed under the Underground Pipeline Utility Tunnel pilot scheme, with completed investments amounting to about RMB40 billion, and 443 cities in China have planned to construct Underground Pipeline Utility Tunnel for a total length of about 13,000 kilometers. Under the pilot scheme of Sponge City, underground pipeline utility tunnels were already built in an area of 420 square kilometers, with

2017 was a milestone for the implementation of “Action Plan for Prevention and Control of Water Pollution” and was marked by achievement of some targets in certain stages of the plan as the progress was driven by the relevant policies and market demand. The newly-amended Law of the People’s Republic of China on Prevention and Control of Water Pollution clarified the responsibilities of governments at each administrative level regarding water environment and water quality, and also called for the fulfillment of these responsibilities. According to data from the Ministry of Environmental Protection, the “Action Plan for Prevention and Control of Water Pollution” will require a total investment of about RMB4.6 trillion, and the increased investment in pollutant treatment is estimated to be able to add about RMB1.9 trillion to the output value of the environmental protection industry.

According to the “Program for Developing National Marine Economy under the 13th Five-Year Plan”, China will adjust and optimise the traditional marine industries, promote comprehensive regional development of the marine industries primarily in the form of marine ranch construction, vigorously develop the seawater aquaculture in a healthy manner and support the deep-water, wind- and wave-resistant cage aquaculture, thereby driving sustainable development in the marine fishery industry. This will enlarge the plastic pipe market and present new opportunities for the applications of pipes.

The 5th Plenary Session of the 16th Central Committee announced the “Beautiful Rural Villages Programme” which was aimed at promoting the modernisation of agriculture and construction of a new type of rural villages. Under the programme, rural villages are to be built according to scientific planning so that they can develop sustainably, foster the development of both industries and a civilisation, enable an affluent lifestyle, and are thus good places for living and businesses. The Program entails the improvement of the ecology of the rural villages, environment protection and pollutant treatment. In the backward rural areas where environmental facilities and infrastructure are lacking, facilities for water supply, power supply, gas supply, drainage ditches, sewage collection network, sewage treatment facilities and other types of infrastructure will be built so that urban and rural areas can become more integrated with the urbanisation progressing in parallel with the development of a new type of rural villages.

9 ?1 € ƒ •

¯ A ¨ q 9 ê Ë ˜ h d 2017 Ë J˜ å î Q
7 Œ ™Ý ® ¼ D ¿ • Ó l f z Y ë Ÿ[<0FC11BD702
Œeù a
³ } • ã ‘ ¨ [O ü d 4.67
Z m ¡ A - *•è - R;*˜= Ò [Oüd1.97

8 6 Œ $€ ƒ •

To express gratitude to the Shareholders for their support and to share with them the fruit of the Group's endeavours, the Board proposed payment of a final dividend of HK18 cents per share for the year ended 31 December 2017 (2016: HK15 cents per share).

‰ «2• Ô Þ p Y Õ 5 q ± . 8 6 Ó d è + 6 D | Ú 2017 Ë12 Ü31 Ú ß Ë ˜ K , p ¹ ‰ Ê p18₭ 2016 Ë j Ê p15 ¥ ƒ

BUSINESS REVIEW

8 « ¥

PLASTIC PIPING SYSTEMS

The plastic piping systems business is the mainstay operation of the Group. The Chinese government continued to invest massively in municipal projects and infrastructure construction, and carried out many infrastructure projects to propel the economic growth, which stimulated the demand for plastic pipes and pipe fittings. The Group has actively capitalised on the various infrastructure and public projects initiated by the government, and boosted sales volume of plastic pipes and pipe fittings, which drove steady growth in the business.

ç Ø M 8 û U
ç Ø M 8 û U 8 J I « Y ô 8 f • 7 A ´ Á 7 « 9 A ^ û ¿ ? þ £ 5 ƒ ³] } Ž – d ¼ D µ ° ? ° f ø ® † ¾ ö # — d ª þ d ÷ Á ç Ø M • ¿ M 8 Y ê Ë Ž f _ õ I « = ª e A ´ ¢ ° ? ¿ O [° f d d ÷ ç Ø M 8 ¿ M • Y * Ü V Ž d ÿ 8 - 5 ¢ # — f

The table below sets out the breakdown of revenue from plastic piping systems business by product application for 2017 and 2016:

h Œ 1 •2017 Ë ¿2016 Ë ç Ø M 8 û U 8 ×] 2 * Ü Ð \ Œ ± Y ‹ j

Water Supply	6 å	6,887	5,898	16.8%	38.0%	40.0%
Drainage	° å	6,965	5,612	24.1%	38.5%	38.0%
Power supply and telecommunications	e b 6 Ð ¿ · Ã	3,257	2,534	28.5%	18.0%	17.2%
Gas Transmission	÷ i Ô	412	189	118.7%	2.3%	1.3%
Others[#]	I ü #	589	512	15.0%	3.2%	3.5%
Total	<	18,110	14,745	22.8%	100.0%	100.0%

[#] "Others" include agricultural applications, floor heating and fire services.

[#] ˜ I ü ™ < 5 \ e ® 2 ¿ # f

During the year under review, the revenue from the plastic piping systems business increased by 22.8% to RMB18,110 million from last year's RMB14,745 million, and accounted for 88.9% of the Group's total revenue (2016: 85.6%).

õ « ¥ Ë « d ç Ø M 8 û U 8 Y ×] 0 Ë Y [O Æ147.45 © # 22.8% [O Æ181.10 © d & I « < ×] Y88.9% € 2016 Ë j 85.6%ƒ•

To capitalise on the Chinese government's environmental protection initiatives, the Group is actively expanding its environmental protection business. During the year under review, the Group made a breakthrough in the environmental protection business, and won contracts to supply its products to many large-scale projects, including those of municipal sewerage system, river treatment, soil restoration, underground pipeline utility tunnel, sponge city, installation of integrated water purifiers and other fields. The group strives to become a one-stop environmental protection service provider, and aims to generate synergy between the environmental protection business and the business of plastic piping systems.

LESSO HOME

The Group's capital expenditure for 2017 was approximately RMB2.5 billion, which was partly used for improvement of automated facilities, expansion of the existing production bases, construction of a production base in Hunan and acquisition of properties in foreign countries.

8 « ¥ € ƒ •
l š Õ
l « 2017 Ë Y l š Õ ‰ Ò [O Æ25 © d l • Å ... \ õ · † · £ ê e $ Þ [* ? ® Y Ò ˆ û ¿ 3 ³ Ì [* ? ® d ø ¿ ... Ä . J 8 \ Ä f

The Group continued to further its progress in automatic production and smart production, and strived for fully mechanised production lines for pipe products, so as to improve overall production capacity, quality and efficiency. The launch of the new production base in Hunan increased the Group's annual designed capacity of plastic pipes and pipe fittings to 2.4 million tonnes at the end of 2017 from 2.2 million tonnes in 2016, enhancing the Group's abilities to respond to market demand.

l « 1 ƒ ª [* · q } • · d ¯ M 8 * Ü [* • Œ & ¼ $ Ú Û · d ø d ÷ Æ * • e / Ž q Ö B f ‡ 9 ³ Ì - [* ? ® ³ * d l « ç Ø M 8 ¿ M • [* Y Ë £ * • _2016 Ë Y 220 ¬ š Ò 2017 Ë Ë µ Y240 ¬ š d ø Ð ù 9 ê f

During the year under review, the Group's capacity utilisation rate reached about 83.8%, up by 3.8 percentage points from 80.0% in 2016. This resulted from the Group's success in tapping the strong demand, robust sales, the automation of its factories and improvement in production efficiency.

« ¥ Ë « d a l õ 9 ê Ë q V / 5 ƒ ö 8 d ø ¿ @ Ò · q [* Ö B · d l « Y * • 4 \ Ò83.8% d 02016 Ë Y80.0% d º3.8 H õ ± Ã f

STRATEGIES FOR THE FUTURE

J 8 +

China maintained momentum of steady economic growth. In 2018, the Chinese economy is poised to grow steadily even though it is overshadowed by uncertainties. The Group remains prudently optimistic about the prospect of its business and will actively capitalise on the government policies which can favor the kind of businesses that it is engaged in, and develop its business of building materials and interior decoration products as well as business of environmental protection. The Group will implement the following measures to achieve sustainable business development in the future.

• 7 ¾ ö 1 ƒ j 5 ¢ • £ » Y ï • Ò Ð d • Ð 2018 Ë • 7 ¾ ö Z - 5 ; ¢ # — d (” ½ › ª o 1 Í B ¤ 9 • 7 d ‰ 7 « ¾ ö m 8 h À b f l « Á 8 Ã { - 5 2 € H d J 8 6 = ª e A ´ A Õ 5 Ô m 8 Y ï • Ú > d ß • ¿ • ¢ * Ü ¿ - ï 9 8 d · @ ¼ D ø h £ D d ‰ l « J 8 8 Y 5 ƒ ï • d 6 # — b f

Over the years, the Group has strived to make its facilities more computerised and to increase the level of computerisation of its management. In the future, the Group will actively develop intelligent factories, press on with the full automation of production bases, and further improve the mechanical equipment and their auxiliary facilities in existing production bases so as to raise the level of automation, accelerate production, expand production capacity, increase production efficiency and meet market demand.

IMPROVE PRODUCT QUALITY, ENHANCE PRODUCT RESEARCH AND DEVELOPMENT, AND STRENGTHEN BRAND

China's pipe and building materials industry is undergoing such profound changes as restructuring and upgrading. Therefore, the Group will vigorously enhance its competitiveness in research and development of products and technologies, accelerate the transformation and upgrading of its business, and develop market networks. The Group has a first-rate team for research and development, and will continue to step up innovation and increase its investment in research and development. It will focus on the research on the technologies in the pipe and building materials industry, so as to maintain a technological leadership in the industry and provide diverse, high-quality products.

ACTIVELY DEVELOP THE ENVIRONMENTAL PROTECTION BUSINESS AND ACHIEVE SYNERGY

The Chinese government will continue to implement a series of environmental protection policies which present many opportunities for the environmental protection industry. The Group will actively grasp such opportunities by forming public-private partnerships, and fostering new growth drivers so as to achieve synergy between its environmental protection business and other businesses, and diversify its source of income.

MANAGEMENT DISCUSSION AND ANALYSIS

M # 4 À ¿ ±

China’s steady progress in its plan for development has led to robust demand for piping systems in the field of infrastructure construction. As a result, the scope of the application of plastic piping systems has been widened, meaning more business opportunities for the pipe industry. As a market leader, the Group will strive to expand the scope of application of plastic pipes and pipe fittings, thereby maintaining its market leadership. Meanwhile, the Group will develop the “Lesso Home” business, thereby adding impetus to the Group’s business. In 2018, the Group plans to open a Lesso Home in New York to serve target buyers and customers in North America.

J 8 + € ƒ •

ï ‹ 9 ï • c š ô · +
‡ 9 • 7 ï • • Œ q ? ê Ë 5 ƒ ö 8 d ç Ø M
8 û U Ð \ { Q † S É · $ d m 8 9 ï • Ú
> f * ‰ 9 Y ï ¬ k d l « Z ç b Ò } ç Ø
M 8 û U Y Ð \ Í š d ä j 5 l « 9 ï ¬
® f • Û d l « u † S É ï •˜ ï " ˜
• ™8 d ‰ l « J 8 8 # — m 8 ª b f
2018 Ë l « Œ õ Õ 7 r Ò š £ S œ ï "
˜ • d ø Õ r Y f z o • ¿ Ò f

FINANCIAL POSITION

Ì K 1

The Group continued to adopt prudent financial policies. Finance, fund utilisation and fund raising activities of the Group are subject to effective centralised management and supervision. The Group keeps reasonable gearing level and adequate liquidity.

l « 5 ƒ ® _ 2 Y Ì A d l Ì e –
6 \ q D z ¼ Þ Ö Y • / M # ¿ 9 À |
Ì f l « j 5 ¥ # Y * À å ; ¿ Y t
– f

As at 31 December 2017, the Group had total debts (i.e. total borrowings) of approximately RMB8,319 million, of which 62.7% was denominated in US dollar, 15.1% was denominated in HK dollar, 13.3% was denominated in Renminbi, 6.5% was denominated in Australian dollar and 2.4% was denominated in Canadian dollar. The Group’s borrowings are subject to effective interest rates ranging from 1.6% to 6.0% per annum with maturity periods ranging from within one year to more than five years.

õ 2017 Ë 12 Ü 31 Ú d l « Y À < X € C >
› < X •‰ Ò [O Æ 83.19 © d l • 62.7% ø
Õ © = e 15.1% ø ¥ © = e 13.3% ø [O Æ
= e 6.5% ø æ © = d þ q h 2.4% Æ ø ©
= f l « Y > › ˜ ¼ ç Ë ; § ÷ 1.6%
6.0% d Q , , œ _ S Ë « µ õ ž Ë ” f

As at 31 December 2017, the Group’s current assets and current liabilities were approximately RMB12,148 million and RMB8,074 million respectively. The Group’s Current Ratio increased to 1.50 from 1.03 as at 31 December 2016, while the Quick Ratio increased to 1.10 from 0.75 as at 31 December 2016. The Group’s total equity increased to approximately RMB13,783 million. The Group’s Gearing Ratio stood at a healthy level of 37.6%.

õ 2017 Ë FÅ31 ðl $ Ð À
lZ0 8 4 ‰ D , ¼ Ò Ü § ÷

With cash and bank deposits, including restricted cash, of approximately RMB4,452 million as well as unutilised banking facilities, the Board considers that the Group has sufficient working capital for its operation and future development.

The Group had no material exposure to foreign exchange fluctuation and no hedging had been arranged during the year.

As at 31 December 2017, certain of the Group's available-for-sale investments with an aggregate net carrying amount of approximately RMB34 million were pledged to a bank to secure the banking facility granted, but this banking facility has not been utilised.

The secured bank loans are secured by: i) the concession rights of a subsidiary and personal guarantee provided by a shareholder of that subsidiary; ii) certain commercial bills received by the Group during its provision of factoring services; and iii) certain receivables from supply-chain financing services.

SIGNIFICANT INVESTMENTS

LONG-TERM FINANCIAL INVESTMENTS

As at 31 December 2017, the Group held long-term financial investments of approximately RMB1,582 million (31 December 2016: RMB823 million). The investment portfolio comprised of 95.3% listed equity securities (issued by PRC-based home improvement

The Group will study the market and information of the prospective investees cautiously before it makes its investment decisions. The Group will also monitor the performance of its investee closely and regularly after purchases and will adjust the investment strategy in a cautious manner to minimise the impact of market volatility on the Group as and when necessary.

INVESTMENT PROPERTIES
As at 31 December 2017, the Group's investment properties were approximately RMB4,000 million. Gains arising from changes in the fair values of investment properties were approximately RMB300 million during the Year.

Among these investment properties, the malls in Toronto, Canada are existing properties, the malls in Long Island, USA and in Auburn district of Sydney, Australia are under refurbishment and the land in Thailand are under development. Other properties are at the planning stage of development.

Save as disclosed above, the Group did not have any significant investments as at 31 December 2017.

CONTINGENT LIABILITIES

As at 31 December 2017, the Group did not have any significant contingent liabilities.

HUMAN RESOURCES

As at 31 December 2017, the Group employed a total of approximately 10,600 employees including directors. Total staff costs were RMB876 million during the year. The Group ensures that the remuneration packages for employees are determined

† 8 _ 6 ª ,

¤

Environmental protection is always a top priority of China Lesso. The Group has applied the ideas of going green and environmental protection throughout its product design, R&D, production and practical operations, and has adopted a variety of eco-friendly measures to minimise impact on the environment. On top of that, the Group supports the development of environmental protection industry and be committed to water treatment and the construction of Sponge City. In addition, the Group establishes a complete environment management system, continues to improve criteria and measures concerning management of environmental protection and adopt more simplified operating processes and energy-efficient hardware to reduce consumption of energy and water resources, increase benefits from resource consumption, reduce wastes emissions and enhance recycling.

• 7 L ç S \ ø 8 ! ¤ - • ˆ * f I « Z ` - # Â « È õ * Ü Y £ e ¼ ï ø ¿ [* • d (® _ µ ° - £ D ø % - Á ¤ Y B ¤ f I « u Õ 5 ï • - * 8 d ç b õ å Æ 7 ~ g ì 9 £ f ä . d I « m • Y ¤ M # û d ” Ù · † - M # • Í ¿ £ D d ª ? Z Y 6 * t û q · • ÷ • d ø ¯ Ç • U ¿ å U 4 \ Ž e d º U 4 \ Ö B e % - ; Ý J ° ó (d º C ; \ f

The Group complies with laws and regulations governing air pollution, noise emission, solid waste discharge, and other environmental protection issues in China. The environmental management and compliance department works together with the legal department to ensure the Group will keep abreast of the latest development on environment-related laws and regulations.

I « m C 7 • S › Y < ¯ d î Q e › J î Q ~ x ; Ý J ° ó Ù & Y - , , • f I « Y ¤ M # ~ ¥ • Å ˜ q , Å ˜ ¥ * d ½ - I « L ¥ ð - Y - Ù & , , • Y Ë f

COMMUNITY ENGAGEMENT

China Lesso takes an active part in community investment and public welfare and provides care for underprivileged groups in the society, aiming to apply its influence, bring positive changes to the communities where it operates, and maintain sound relations with the communities where it operates. Further, the Group actively supports the development of education in poverty-stricken areas and encourages its employees to serve the community as volunteers.

_ ³]
• 7 L ç = ~ _ ³ q _ 6 ® B d ë _ 6 ® Ð Ê d ! ¯ « Ô ¯ Y _ ï h B ¤ b d ‰ _ m 8 = M & Y B ¤ d (~ Ô ¯ _ m » ë · f ä . d I « u = Õ 5 ® b ® Y º + 8 ï • d | , p ˆ] Q _ q › ô k ˆ * f

† 8 _ 6 ª , € ƒ •

China Lesso recognises employees as one of its most important assets. In strict compliance with the applicable laws and regulations, the Group protects the legitimate rights and interests of its employees and fixes on its pay system based on the principles of legality, equity, fairness and encouragement so as to ensure an equal access to fair treatment and career opportunities. In addition, the Group has formulated its own health and safety policies, intensifies safety training for employees, carries out routine safety patrols and actively pushes forward with relevant management system building for the purpose of creating a safe working environment for its employees, achieving a work-life balance for its employees through diverse activities.

p ^
• 7 L ç V p ^ ‰ Y * f l « ø m Â
´ ë , , • d 1 , - • p ^ Æ B d (ø ¥ , e
¥ # e ® ; e ç ¸ Y a Æ S › Z G M # S d ½
- p ^ ¹ Þ ® ; Y > q i Y ^ * Ú 6 f l «
u ‰ p ^ S › p ~ Ä Œ A d ç b v p ^
Ä Œ C Å d (Á [* ^ * † Ú l Ä Œ _ d
= ª † M # û £ d ‰ p ^ d 6 Ä Œ Y ^ *
¤ d ø ¿ · @ µ © · Y z : Q p ^ ^ * ~ [z
Y ; E f

With great emphasis on career development of its employees, the Group is committed to creating diversified and comprehensive development channels for its employees by offering a series of training programs and regular lectures on safety and health through its own Lesso College.

ä . d l « V p ^ ï • d (£ m L ç ª ë ‰
¢ ó p ^ d 6 S û • Y C Å û q › , X l Ä Œ
p z - d ç b õ ‰ p ^ d 6 µ © · ¿ Œ & Y ï
• · 8 f

CUSTOMER AND SUPPLIER

China Lesso has strived to maintain uninterrupted communications with its suppliers for win-win results based on the procurement principles of fairness, openness and impartiality. The Group has put in place a Supplier Management Code and conducts regular performance evaluation of its suppliers. In addition, the Group has formulated a management system, a reporting process and set up a management team against malpractices in an effort to oversee behaviors of all its employees and protect the interests and rights of the Company and its shareholders. In respect of customer services and management, the Group upholds the “market-oriented, customer-centred” principle and with strict control over product quality. The Group is committed to providing its customers with safe, reliable and quality products.

² Ò © Å Ð Á Ù ¶ ¢ @ § G ŠÐ ð £ d ‰ p 1 - Y ~ [z

è + 6 S

Set out below are the report presented by the Board together with the Group's audited consolidated financial statements for the year ended 31 December 2017.

ø h ‰ è + 6 d O Y S ¹ • l « Ú 2017 Ë 12 Ü31 Ú ß Ë Y ¾ 2 è] ¥ Ì Œ f

PRINCIPAL ACTIVITIES AND BUSINESS REVIEW

ô 8 ¿ 8 « ¥

The principal activity of the Company is investment holding. The activities of the principal subsidiaries, associates and joint ventures are set out in notes 45, 17 and 18 respectively to consolidated financial statements. Further discussion and analysis of these activities, including a discussion of the principal risks and uncertainties facing by the Group and an indication of likely future developments in the Group's business, the Group's environmental policies can be found in the "Chairman's Statement", "Corporate Governance Report" and "Management Discussion and Analysis". This discussion forms part of the Directors' Report.

RESULTS AND APPROPRIATIONS

The Group's profit for the year ended 31 December 2017 and the Group's financial position at that date are set out in the consolidated financial statements on pages 82 to 190.

The Board recommended the payment of a final dividend of HK18 cents per share for the year ended 31 December 2017 (the "Proposed Final Dividend") to the Shareholders whose names appear on the register of members of the Company on Monday, 4 June 2018, subject to the Shareholders' approval at the forthcoming annual general meeting of the Company to be held on Friday, 25 May 2018 (the "2018 AGM"). It is expected that the Proposed Final Dividend will be paid on Wednesday, 13 June 2018.

CLOSURE OF REGISTER OF MEMBERS

(A) FOR DETERMINING THE ENTITLEMENT TO ATTEND AND VOTE AT THE 2018 AGM

The register of members of the Company will be closed from Monday, 21 May 2018 to Friday, 25 May 2018, both dates inclusive, during this period no transfer of shares of the Company will be registered. In order to be eligible to attend and vote at the 2018 AGM, unregistered holders of shares of the Company should ensure that all transfer forms accompanied by the relevant share certificates must be lodged with the Company's branch share registrar, Computershare Hong Kong Investor Services Limited, at Shops 1712–1716, 17th Floor, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong, for registration no later than 4:30 p.m. on Friday, 18 May 2018.

6 ± | · ê

As at 31 December 2017, the Company's reserves available for distribution, calculated in accordance with the Companies Law, Cap 22 (Law 3 of 1961, as consolidated and revised) of the Cayman Islands, amounted to RMB2,387 million (2016: RMB2,351 million). The amount of RMB1,906 million (2016: RMB1,906 million) represented the Company's share premium which may be distributable provided that immediately following the date on which the dividend is proposed to be distributed, the Company will be in a position to pay off its debts as and when they fall due in the ordinary course of business.

õ 2017 Ë12 Ü31 Ú d ì ½ š Ê ¥ , 7 K22 Ý ® ! ‚€1961 Ë K3 Å , d ¾] ¥ ¿ L • Q Y I ® ! 6 ± | · ê ‰ [O Æ23.87 € 2016 Ë j [O Æ23.51 © •f ‰ p [O Æ19.06 © € 2016 Ë j [O Æ19.06 © •Y › ° 8 I ® ! š ± | Y p … P d " õ a ‡ D | ï p ¹ ˜ Ú d I ® ! Z • D µ " Ú I 8 Í « Y Q , À f

MAJOR CUSTOMERS AND SUPPLIERS

ô Ò ¿ 6 Ð

For the year ended 31 December 2017, the total turnover attributable to the Group's five largest customers was less than 4% of the Group's total turnover. The total purchase attributable to the Group's five largest suppliers was 41% of the Group's total purchases and the purchases from the largest supplier included therein amounted to 26%.

Ú 2017 Ë12 Ü31 Ú ß Ë d I « ž } Ò Ð & Y < 8 X Ç õ I « < 8 X Y4% f I « ž } 6 Ð Ð & Y < … ¬ X J I « < … ¬ X Y41% d I • d ð } 6 Ð Y … ¬ X &26% f

At no time during the year did the directors, their close associates or any Shareholder (which to the knowledge of the directors own more than 5% of the Company's issued share capital) had any beneficial interests in these suppliers or customers referred to above.

d]@åÝ Þ•*à2 ¥¢Šðg ` 8P*ïC (À „\ wÀ q™D'm

CHARITABLE DONATIONS

During the year, the Group's charitable donations were approximately RMB4.63 million (2016: RMB3.46 million).

TAX RELIEF AND EXEMPTION

The directors are not aware of any tax relief and exemption available to the Shareholders by reason of their holding of the Company's securities.

PRE-EMPTIVE RIGHTS

There are no provisions for pre-emptive rights under the Company's articles of association or the laws of Cayman Islands, which would oblige the Company to offer new shares on a pro-rata basis to existing Shareholders.

DIRECTORS' REPORT

è + 6 S

è +

Directors in office during the year and up to the date of this report are as follows:

õ Ë « (Ú I S Ú , ß ¯ , Y è + ½ h j

EXECUTIVE DIRECTORS
Mr. Wong Luen Hei (Chairman)
Mr. Zuo Manlun (Chief executive)
Ms. Zuo Xiaoping
Mr. Lai Zhiqiang
Mr. Kong Zhaocong
Mr. Chen Guonan
Dr. Lin Shaoquan
Mr. Huang Guirong
Mr. Luo Jianfeng

B è +
» L $ ‹ [€ ô © •
8 P ‹ [€ A < R •
8 i 1 ~ {
` › v ‹ [
Æ Š K ‹ [
Ó 7 Ì ‹ [
Ç Œ ù {
» n ò ‹ [
¯ ¤ ‹ [

NON-EXECUTIVE DIRECTOR
Mr. Lin Dewei

¢ B è +
C × ‹ [

INDEPENDENT NON-EXECUTIVE DIRECTORS
Mr. Fung Pui Cheung
Mr. Wong Kwok Ho Jonathan
Mr. Cheung Man Yu
Ms. Lan Fang
Dr. Tao Zhigang

ù m ¢ B è +
¹ C ‹ [
î 7 ´ ‹ [
u Ö Á ‹ [
† y ~ {
× ›] ù {

Pursuant to Article 16.18 of the articles of association of the Company, Mr. Luo Jianfeng, Mr. Lin Dewei, Mr. Cheung Man Yu, Ms. Lan Fang and Dr. Tao Zhigang are subject to retirement by rotation at the 2018 AGM and, being eligible, offer themselves for re-election.

ì ½ I ® ! Y \ Ý û Z Æ K16.18 â d ¯ ¤ ‹ [e C × ‹ [e u Ö Á ‹ [e † y ~ { ¿ × ›] ù { ² õ2018 Ë p „ Ë } 6 j C © S × d " ¥ ø (ô P o ¹ , f

Biographical details of directors are set out on pages 7 to 11.

è + 5 Ý 1 õ K7 11 + f

DIRECTORS' SERVICE CONTRACTS

è + ¥ Ò

No director proposed for re-election at the 2018 AGM has a service contract which is not determinable by the Group within one year without payment of compensation (other than statutory compensation).

Ý õ2018 Ë p „ Ë } 6 P o ¹ , Y è + ? Ì ~ I « m " õ S Ë « _ I « ^ ß þ á ² Õ ù & µ € , › & µ ð . •Y ¥ Ò f

As at 31 December 2017, the interests and short positions of the directors and the chief executive of the Company in the shares, underlying shares and debentures of the Company or any of its associated corporations (within the meaning of Part XV of SFO) as recorded in the register to be kept by the Company pursuant to section 352 of the SFO or as otherwise notified to the Company and the Stock Exchange pursuant to the Model Code were as follows:



INTERESTS AND SHORT POSITIONS OF OTHER SHAREHOLDERS PURSUANT TO SFO

As at 31 December 2017, the following persons (other than a director or chief executive of the Company) had interests or short positions in the shares or underlying shares of the Company as recorded in the register required to be kept under section 336 of the SFO:

õ 2017 Ë 12 Ü 31 Ú d õ I ® ! p … Ð ´ ë p … • ¹ Þ ì ½ Ç N ¿ , ¬ â 7 K336 â ² š À Ä Y î ¾ • ¾ } Y Æ B Ð ñ Q Y [{€ I ® ! è + ¿ A < R ð . •½ h j

UBS Trustees (B.V.I.) Limited	Trustee(b)	2,118,485,000 (L)	68.28%
UBS Trustees (B.V.I.) Limited	¦ Ä [(b)		
Xi Xi Development	Interests of controlled corporation(b)	2,118,485,000 (L)	68.28%
c ï •	a › , Æ B (b)		
New Fortune	Beneficial owner(b)	2,118,485,000 (L)	68.28%
- , K	¼ B ¹ Þ [(b)		

Note:

• W j

(a) The letter "L" denotes the person's long position in such securities.

(a) ¿N˜ L ™8 [{ õ Ç N Y » Q f

(b) These shares relate to the same block of shares in the Company as those set out in note (b) in the section headed "Directors' and Chief Executive's Interests and Short Positions in Shares, Underlying Shares and Debentures" above.

(b) p … ¼ 8 j Ö˜ è + ¿ A < R õ p … e ´ ë p … ¿ À Æ Ç Y Æ B ¿ ñ Q ™S · • W(b)Ô Y • S - I ® ! p … Æ B f

Save as disclosed above, as at 31 December 2017, the directors of the Company were not aware of any person or corporation (other than the directors and chief executive of the Company) who had any interests or short positions in any shares or underlying shares of the Company as recorded in the register required to be kept under section 336 of the SFO.

ð j Ö Ô Þ £ k . d õ2017 Ë 12 Ü 31 Ú d I ® ! è + ? "] „ , [{ Ð , € I ® ! è + ¿ A < R ð . •õ I ® ! , p … Ð ´ ë p … • ¹ Þ ì ½ Ç N ¿ , ¬ â 7 K336 â ² š À Ä Y î ¾ ¾ } Y , Æ B Ð ñ Q f

SHARE OPTION SCHEME

… p Æ Œ

A share option scheme (the "Share Option Scheme") was conditionally approved by resolutions of the Shareholders on 14 May 2010 (the "Adoption Date") for the purpose of providing incentives and rewards to eligible participants who contribute to the success of the Group's operations and the summary of terms of such Share Option Scheme are disclosed in the Company's prospectus dated 9 June 2010. No share options have been granted, under the Share Option Scheme since its adoption.

p õ2010 Ë 5 Ü 14 Ú€˜ ® v Ú , ™•Ô D Þ â • - X S ° … p Æ Œ€˜ … p Æ Œ ™•d Ù ¯ ç ¸ ¿ ¤ ¸ ‰ I « Ó 6 * Í Y ¥ ø ~ k d þ ° … p ÆÛ ŒP¥pðÀ Ö?ð<lì@e•Îà ,I ! Ü2010

Eligible participants of the Share Option Scheme ("Eligible Persons") include (a) any executive director of, manager of, or other employee holding an executive, managerial, supervisory or similar position in any member of the Group, any full-time or part-time employee, or a person for the time being seconded to work full-time or part-time for any member of the Group; (b) a director or proposed director (including an independent non-executive director) of any member of the Group; (c) a direct or indirect shareholder of any member of the Group; (d) a supplier of goods or services to any member of the Group; (e) a customer, consultant, business or joint venture partner, franchisee, contractor, agent or representative of any member of the Group; (f) a person or entity that provides design, research, development or other support or any advisory, consultancy, professional or other services to any member of the Group; and (g) an associate of any of the persons referred to in paragraphs (a) to (c) above.

The total number of Shares which may be issued upon exercise of all options to be granted under the Share Option Scheme and any other schemes of the Group shall not in aggregate exceed 300,000,000 Shares, representing 9.67% of the issued Shares as at 31 December 2017. The maximum number of Shares issued and to be issued upon the exercise of the options granted to any on Eligible Persons (including exercised and outstanding options) in any 12-month period share not exceed 1% of the issued share capital of the Company from time to time. There is no minimum period for which an option must be held before it can be exercised. The subscription price in respect of the any particular option shall be price as the Board may in its discretion determine at the time

… p Æ Œ ƒ •

… p Æ Œ Y Þ Ö , ® v Ú , Î ‰ ,10 Ë f
d O ¬ Y … p Æ _ è + 6 - X ¬ … p Æ ˜
Ú€ d O Ú , ™• Î 28 8382 ¿ 683 ¥ ð ÀQÛ ,Ì Ð‰ ,õx

The Share Option Scheme shall be valid and effective for a period of 10 years commencing on the Adoption Date. An offer of the grant of a share option shall remain open for acceptance by the Eligible Person concerned for a period of 28 days from the date of the Board approving the grant of the share options (the "Offer Date") provided that no such grant of an option may be accepted after the expiry of the effective period of the Share Option Scheme. An option shall be deemed to have been granted and accepted by the Eligible Person and to have taken effect when the duplicate offer letter comprising acceptance of the offer of the Option duly signed by the grantee together with a remittance in favour of the Company of HK$1 by way of consideration for the grant thereof is received by the Company on or before the date upon which an offer of an option must be accepted by the relevant Eligible Person, being a date not later than 28 days after the Offer Date. Such remittance shall in no circumstances be refundable.

DIRECTORS' INTEREST IN CONTRACTS OF SIGNIFICANCE

Save as disclosed under paragraph headed "Connected Transactions", no transaction, arrangement or contract of significance to which the Company, its holding company and any of its subsidiaries was a party and in which a director of the Company or an entity connected with him had a material interest, whether directly or indirectly, subsisted at the end of the year or at any time during the year.

COMPLIANCE AND ENFORCEMENT OF THE NON-COMPETE UNDERTAKINGS FROM CONTROLLING SHAREHOLDER

None of the directors or substantial shareholder of the Company or any of their respective associates has engaged in any business that competes or may compete with the business of the Group. New Fortune (the "Controlling Shareholder", being a company holding approximately 68.28% of the issued share capital of the Company, and is ultimately held by the trust the founder of which is Mr. Wong Luen Hei, and the beneficiaries of which include Mr. Wong Luen Hei and his family) has entered into a deed of non-competition in favour of the Group with Mr. Wong Luen Hei dated 14 May 2010 (the "Deed of Non-Competition").

The directors are of the view that the Group's measures adopted by the Company in respect of the enforceability of the Deed of Non-Competition are adequate to safeguard the effectiveness of the non-competition undertakings. The independent non-executive directors have reviewed the compliance of the Deed of Non-Competition. Based on the confirmation from the Controlling Shareholder, the independent non-executive directors are of the view that the Deed of Non-Competition has been complied with and has been effectively enforced.

è + © ‰ l ® ! Ô ® v l « Þ ë B ”) F ð ½ Y £ D Š D - æ ”) F Õ U Y Ö b f ù m ¢ B è + Š 2 a ”) F ð ½ Y m Â ‹ 1 f ì ½ › p p Y ½ © L d ù m ¢ B è + © ‰ ”) F ð ½ Š m Â ¿ Þ Ö B f

TRANSACTIONS DURING THE REPORTING PERIOD S , « Y t ø

LEASE AGREEMENTS

a # X D

On 7 July 2017, Guangdong Lesso Home Corporate Planning Co., Ltd.* (the "Lessee"), an indirect non-wholly owned subsidiary of the Company, as lessee entered into the Block B lease agreement with Foshan International Furniture Expo Mall Ltd.* (the "Lessor"), pursuant to which the Lessor agreed to lease Floors 1-9, Block B, Furniture Expo Mall, No. 189 Foshan Middle Avenue, Chancheng District, Foshan City, Guangdong Province, the PRC ("Block B") to the Lessee for a term commencing from 7 July 2017 and ending on 31 December 2027.

õ 2017 Ë 7 Ü 7 Ú d l ® ! œ Ÿ ¢ Œ • n ® ! ? ï " ˜ • † 8 Œ Þ " ® ! € * ‰ € ˜ Õ a [™ •~ † € 7 ç •• ¢ ù Ž ì Þ " ® ! € ˜ a [™ •¦ B Š a # X D d ½ ä d a [• £ Õ a [a • 7 ? ² † 9 % ì † } 8 • 189 î • ù ì B Š S X 4 € ˜ B Š ™ • d a , 2017 Ë 7 Ü 7 Ú Î 2027 Ë 12 Ü 31 Ú ß f

On 7 July 2017, the Lessee as sub-lessee entered into the Block C lease agreement with Guangdong Yuanhai Property Management Services Ltd.* (the "Block C Sub-lessor") and the Lessor, pursuant to which the Block C Sub-lessor agreed to sublease Floors 1-9, Block C, Furniture Expo Mall, No. 189 Foshan Middle Avenue, Chancheng District, Foshan City, Guangdong Province, the PRC ("Block C") to the Lessee for a term commencing from 7 July 2017 and ending on 31 December 2027.

õ 2017 Ë 7 Ü 7 Ú d Õ a [€ * ‰ ± a [• ~ ? U J 8 ¾ Þ " ® ! € ˜ C Š ± a [™ • ¿ a [¦ • 7 ? ² † 9 % ì † } 8 • 189 î • ù ì C Š S X 4 € ˜ C Š ™ • a # X D d ½ ä d C Š ± a [• ± a C Š š Õ a [d a , 2017 Ë 7 Ü 7 Ú Î 2027 Ë 12 Ü 31 Ú ß f

Under the Block B and Block C lease agreements:

(i) during the renovation period from 7 July 2017 and ending on 31 December 2017, rent shall be calculated on the basis of RMB10 and RMB5 per sq.m. per month respectively, multiplied by the gross floor area of 166,587 sq.m. (but deducting therefrom the gross floor area of the 9th floor until its delivery) for the Block B and 129,138.26 sq.m. for the Block C;

(ii) the initial term from 1 January 2018 and ending on 31 December 2022, rent shall be calculated on the basis of RMB50 and RMB25 per sq.m. per month respectively, multiplied by the gross floor area of the Block B and Block C (the "Basic Rent") respectively; and

(iii) the second term from 1 January 2023 and ending on 31 December 2027, both Block B and Block C rents shall comprise of: (a) the Basic Rent; and (b) the additional rent, which means an amount per sq.m. per month (inclusive of tax) not exceeding 60% of the amount calculated pursuant to the formula listed on the Company's announcement dated 7 July 2017, the Block B or Block C additional rent for the second term shall not exceed RMB100 per sq.m. per month.

Details of this discloseable transaction can be found in the Company's announcement dated 7 July 2017.

DISCLOSURE PURSUANT TO RULES 13.18 AND 13.21 OF THE LISTING RULES

(A) On 3 March 2014, the Company as borrower entered into a facility agreement (the "Facility Agreement I") in relation to a syndicated term loan facility in the amount of US$135 million at an interest rate of LIBOR plus 2.00% per annum with, among others, Taipei Fubon Commercial Bank Co., Ltd. and CTBC Bank Co., Ltd. as mandated lead arrangers, and a syndicate of nine lenders, for the purpose of refinancing the Group's then existing financial indebtedness. The loan made thereunder is repayable 36 months after the same has been made.

ì ½ j 9 • Æ K 13.18 â ¿ K 13.21 â *
Y Þ £ € ƒ •

On 26 June 2014, the Company as borrower entered into a facility agreement (the "Facility Agreement II") in relation to a syndicated term loan facility in the amount of US$155 million at an interest rate of LIBOR plus 2.20% per annum with a syndicate of three lenders, independent licensed banks in Hong Kong, for general corporate requirements (including the refinancing of the Group's then existing financial indebtedness). The loan made thereunder is repayable 42 months after the same has been made.

õ 2014 Ë 6 Ü 26 Ú d I ® ₤ € * ‰ > › [•~
g H Õ r › ₤ € 0 ¥ ù m 5 Ð Õ • m S
° Þ ë 1.55 Õ © d Ë ; ‰ P q Õ • 8
ð ¹ 2.20% Y Õ › , r › D ˜ D X
D€˜ D X D II ™•d * ‰ S › † 8 \ Ä€
< I « … Û $ Þ Ì À Ž D •f ì ½
X D ° h * ˜ r › ² õ r › * 42
H Ü µ " f

Pursuant to the Facility Agreement I and Facility Agreement II (collectively the "Facility Agreements"), save for additional requirement that Mr. Wong Luen Hei and his family (collectively, the "Wong Family") shall remain to have effective management control over the Company set out in the Facility Agreement I, the Facility Agreements require that the Wong Family shall collectively maintain, directly or indirectly, at least 55% of beneficial shareholding interest in the issued share capital of the Company, carrying at least 55% of the voting rights, free from any security. Otherwise, a lender shall not be obliged to fund the loans made under the Facility Agreements, and the total commitments under the Facility Agreements may be liable to be cancelled and the outstanding loans with interest and all other amounts accrued under the Facility Agreements or other related financial documents may be due and payable to the lenders immediately. The Facility Agreements were settled on 20 January 2017.

ì ½ D X DI ¿ D X DII € U H˜ D
X D ™•d ð D X DI Ô 1 ˜ X . • › d C
» L $ ‹ [¿ I • Ä€ U H˜ » ä • Ä ™•²
1 ƒ Á I ® ! ˜ M # 4 Þ Ö Y › S Æ . d
D X D • › » ä • Ä ² • • \ Ÿ Ð œ
Ÿ ¹ Þ€ ò (Ì ê å •I ® ! Š ï p I ð Ç
55% ¼ B p Æ€ & ð Ç55% Y Œ Ô Æ •f I
Æ d r › [á ² Õ ù ì ½ D X D *
Y r › d þ D X D ° h Y < Õ Ä š
Þ V d ò D X D Ð I ü ´ ë Ì Ö •
° h Y J µ " r › ¹ • ; ¹ ¿ Ô Þ I ü Ð
› ° d C Û Q , (² £ r › [µ " f
D X D Š õ 2017 Ë 1 Ü 20 Ú Q f

(B) On 11 August 2016, the Company as guarantor and its wholly-owned subsidiary as borrower entered into a facility agreement (the "Facility Agreement III") in relation to syndicated term loan facilities in the amount of US$600 million at an interest rate of LIBOR plus 1.85% per annum with syndicate lenders, independent financial institutions, for general corporate requirements (including the refinancing of the Group's then existing financial indebtedness). The loan made thereunder is repayable 42 months after the same has been made.

(B) õ 2016 Ë 8 Ü 11 Ú d I ® ₤ € * ‰ Ä - [•¿
I Œ • n ® ₤ € * ‰ > › [•~ Õ r › [
€ ù m – D Ú ô • m S °6 Õ © d Ë ;
‰ P q Õ • 8 ð ¹ 1.85% Y Õ › , r
› D ˜ D X D€˜ D X D III ™•d * ‰ S
› † 8 \ Ä€ < I « … Û $ Þ Ì À
Ž D •f ì ½ X D ° h * ˜ r › ² õ
r › * 42 H Ü µ " f

Pursuant to the Facility Agreement III, Mr. Wong Luen Hei and his family (collectively, the "Wong Family") shall collectively maintain, directly or indirectly, at least 51% of beneficial shareholding interest in the issued share capital of the Company, carrying at least 51% of the voting rights, free from any security. Otherwise, a lender shall not be obliged to fund the loan made under the Facility Agreement III, and the total commitments under the Facility Agreement III may be liable to be cancelled and the outstanding loan with interest and all other amounts accrued under the Facility Agreement III or other related financial documents may be due and payable to the lenders immediately.

(C) On 15 August 2017, the Company as guarantor (the "Guarantor") and its wholly-owned subsidiary as borrower (the "Borrower") entered into a facility agreement (the "Facility Agreement IV") in relation to syndicated term loan facilities in the amount of HK$800 million at an interest rate of HIBOR plus 1.55% per annum with syndicate lenders (the "Facility"), for general corporate requirements (including the refinancing of the Group's then existing financial indebtedness). The loan made thereunder is repayable 36 months after the same has been made.

On 22 September 2017, the Guarantor and the Borrower entered into a syndication and amendment agreement in relation to the Facility Agreement IV (the "Amendment Agreement"). Pursuanm6.4(IVde3)0.8(the)10.8Aeemdeement(Agreeme17,)13.7(the573.2( )]TJ 0.065 Tw T* annbnder)1
commitmehethefacilityir lelled IVde m
all othemajl oaftms1ofer the Facility Agreemenuiras is ifullto
â * Û±DÁB@8°5°+ðT•‰P¬@€ U H ˜ » ä • Ä ™• ² • • À©ð] ÙÀ©ñ+•=à€ ò •hÀMAl` f I Æ × É° Ú 4• ® € * ',@jÐ%° €˝ Ä - [™•¿ I Œ
™•B S › † 8 Ä€ < I « ... Û $ Þ Ì À Ž D ƒì ½ m Õ ¿ L •d@€˝ L •d@ ƒ

ì ½ j 9 • Æ K 13.18 â ¿ K 13.21 â * Y Þ £ € ƒ •

Pursuant to the Facility Agreement IV, Mr. Wong Luen Hei and his family (collectively, the "Wong Family") shall collectively maintain, directly or indirectly, at least 51% of beneficial shareholding interest in the issued share capital of the Company, carrying at least 51% of the voting rights, free from any security. Otherwise, a lender shall not be obliged to fund the loan made under the Facility Agreement IV, and the total commitments under the Facility Agreement IV may be liable to be cancelled and the outstanding loan with interest and all other amounts accrued under the Facility Agreement IV or other related financial documents may be due and payable to the lenders immediately (the "Specific Covenants").

ì ½ D X DIV d » L $ ‹ [¿ l • Ä€ U H˜ » ä • Ä ™•² • • \ Ÿ Ð œ Ÿ ¹ Þ€ ò (Ì ê å •l ® ! Š ï p l ð Ç51% ¼ B p Æ€ & ð Ç51% Y Œ Ô Æ •f l Æ d r › [á ² Õ ù ì ½ D X DIV * Y r › d þ D X DIV ° h Y < Õ Ä š Þ V d ò D X DIV Ð l ü ´ ë Ì Ö • ° h Y J µ " r › ¹ • ; ¹ ¿ Ô Þ l ü Ð › ° d C Û Q , (² £ r › [µ ‰€ $ › ð U ™•f

CONNECTED TRANSACTIONS

ë ¹ t ø

For the year ended 31 December 2017, certain of the related party transactions as disclosed in note 41 to consolidated financial statements also constitute connected transactions or continuing connected transactions within the meaning of the Listing Rules and satisfied relevant disclosure requirements thereof. Details of the non-exempt connected transactions or continuing connected transactions are summarised below:

Ú 2017 Ë12 Ü31 Ú ß Ë d] ¥ Ì Œ • W41 Þ £ Y ð • ë L [{ t ø u ô Ó L ¥ j 9 • Æ › È Y ë ¹ t ø Ð 5 ƒ ë ¹ t ø d (L ¥ ´ ë Y Þ £ Ë f " € 5 ë ¹ t ø Ð 5 ƒ ë ¹ t ø ‹ ? ½ h j

(A) RENTAL AND UTILITIES EXPENSES

(A) a – ¿ ® \ + 8 š Õ

Background: On 30 December 2014, Guangdong Liansu Technology (the "Lessee") entered into a lease agreement (the "Lease") with Guangdong Liansu Machinery (the "Lessor") whereby the Lessor leased its certain plants erected on Lot G03-2-1, Daba Industrial Estate of Longjiang Community Residents' Committee, Longjiang Town, Shunde District, Foshan City, the PRC (the "Property") to the Group for use as production facilities.

à { j õ 2014 Ë12 Ü30 Ú d ? L ç Å ¦€˜ Õ a [™•~ ? L ç Ú œ €˜ a [™• m a # X D€˜ a Ò ™•d ½ ä d a [a l õ • 7 † 9 ± C ² ê D ² ê _ ¢ O ‰ p 6 } ˆ 8 ä G03-2-1 î ® ï j Y Å ± @ Ò€˜ J 8 ™•d * [* ? ® \ Ä f

Under the Lease, the Lessee shall bear all the third party costs, including electricity and water charges. Since the related utilities costs are charged by the relevant government authorities on the Lessor, the Lessee will reimburse the Lessor for the same amount of utilities costs paid by the Lessor (the "Utilities Arrangement"). For further details, please refer to the announcement made by the Company on 30 December 2014.

ì ½ a Ò d Õ a [² Õ Ä Ô Þ K g Ù Y l \ d < å e l f _ õ Þ ë ® \ + 8 Ó l _ ´ ë A ´ Ú ë £ a [× _ d B Õ a [Z 6 £ a [þ µ ´ õ a [Ô Õ ù Y ® \ + 8 Ó l Y – X€˜ ® \ + 8 Ä ° ™•f Þ ë † S É ‹ d a l ® ! õ 2014 Ë12 Ü30 Ú Ô * Y ® S f

CONNECTED TRANSACTIONS (Continued) ë ¹ t ø € ƒ •

(A) RENTAL AND UTILITIES EXPENSES (Continued)

The land use right of the Property owned by Guangdong Liansu Machinery was later transferred to Foshan Star Excel. Accordingly, Guangdong Lesso Technology, Guangdong Liansu Machinery and Foshan Star Excel entered into an agreement in relation to transfer of rights under the Lease on 5 June 2017 pursuant to which Guangdong Liansu Machinery agreed to transfer all its the rights and obligations under the Lease to Foshan Star Excel and Foshan Star Excel agreed to assume all of the rights and obligations in substitution for Guangdong Liansu Machinery. No other terms of the Lease has been amended. For further details, please refer to the announcements made by the Company on 5 June 2017 and 7 June 2017.

(A) a – ¿ ® \ + 8 š Õ€ ƒ • ? L ç Ú œ Ô ¹ Þ J 8 ˜ z ® 4 \ Æ I Š _ † K ² Õ Ÿ f ª ä ? L ç Å ¦ e ? L ç Ú œ ¿ † K ² õ2017 Ë6 Ü5 Ú m S ... X D d « ™ Þ ë 7 + a # ° h ˜ Æ b d ½ ä d ? L ç Ú œ • 7 + I õ a # X D ° h ˜ Ô Þ Æ ; ¿ ª , š † K ² d þ † K ² • þ • ? L ç Ú œ Õ Ä Ô Þ Æ b ¿ ª , f a # ˜ I ü â › ? Ì L f Þ ë † S É ‹ d a I ® ! õ2017 Ë6 Ü 5 Ú ¿2017 Ë6 Ü7 Ú Ô * Y ® S f

Particulars of the agreements are disclosed below as required under the Listing Rules:

X D Y Z · Š ì ½ j 9 • Æ • › Þ £ ½ h j

Nature of transactions:	Rental expenses paid to the Lessor.	t ø Ì / j	£ a [Õ ù Y a – š Õ f
	Reimbursement of utilities costs charged by the relevant government authorities on the Lessor from the Lessee.		_ Õ a [þ µ ´ ë A ´ Ú ë £ a [× _ Y ® \ + 8 Ó I f
Terms:	The Lease is for 36 months commencing on 1 January 2015 and expiring on 31 December 2017. The related rents payable by the Lessee to the Lessor was RMB368,419 per month.	â › j	a Ò 2015 Ë1 Ü1 Ú Î 2017 Ë12 Ü31 Ú ß ‰ ,36 H Ü f Õ a [² £ a [Õ ù Y Þ ë a – ‰ Ê Ü [O Æ368,419 © f
	The reimbursable amount of utilities costs was equal to the amount charged by the relevant government authorities on the Lessor.		® \ + 8 Ó I Y þ µ – X ² ´ õ ´ ë A ´ Ú ë £ a [× _ Y – X f

Background:	On 30 December 2014, the Company entered into the original design manufacturing (the "ODM") co-operation agreement with Guangdong Liansu Electric in relation to the ODM production co-operation as regards manufacturing of electronic accessories by Guangdong

ë ¹ t ø € ƒ •

On 7 July 2017, Guangdong Lesso Mall, an indirect wholly-owned subsidiary of the Company, entered into the agreement with Lesso Hardware and Foshan Star Excel (the latter being indirectly wholly-owned by Mr. Wong Luen Hei (the chairman of the Company, an executive Director and the controlling Shareholder)), pursuant to which Guangdong Lesso Mall has agreed to sell and Foshan Star Excel has agreed to acquire (i) the Sale Interest, representing 75% equity interest of Lesso Hardware; and (ii) the Sale Loan, at the aggregate consideration of approximately RMB56 million, out of which the consideration for the Sale Interest equaled to RMB25 million and the consideration for the Sale Loan (as of the calculation date on 30 June 2017) was approximately RMB31 million which was further subject to adjustment. The consideration of the Sale Loan was ultimately adjusted to approximately RMB30 million. Lesso Hardware ceased to be a subsidiary of the Company at the end of reporting period. The disposal of Lesso Hardware is a connected transaction and the principle terms of this disposal have been set out in detail in the Company's announcement dated 7 July 2017.

(D) • n ® ! ˜ /
õ 2017 Ë7 Ü7 Ú d ? L ç ž –€ l ® ! ˜ œ Ÿ Œ • n ® ! •~ ï ž – ¿ † K ² € k _ l ® ! ô © e B è + ¿ › p p » L $ ‹ [œ Ÿ Œ ¹ Þ • m X D d ½ ä d ? L ç ž – • / ò † K ² • × ...(i) / Æ B d C ï ž – ˜75% p Æ i ¿(ii) / r › d < þ ‰ Ò [O Æ5,600 ¬ © d l • d / Æ B ˜ þ ´ õ [O Æ 2,500 ¬ © d þ / r › ˜ þ € õ2017 Ë 6 Ü30 Ú Q Ú , •‰ Ò [O Æ3,100 ¬ © d þ Þ † S É Æ f / r › ˜ þ Š ð ^ Æ ‰ Ò [O Æ3,000 ¬ © f õ S , K d ï ž – ” Ž ‰ l ® ! ˜ • n ® ! f ï ž – ˜ / ‰ S ° ë ¹ t ø d þ / + ° Y ô â › ‹ Š 1 õ l ® ! Ú , ‰ 2017 Ë7 Ü7 Ú Y ® S f

(E) CONNECTED TRANSACTIONS NOT YET EFFECTIVE

Purchase of Machinery

Background: On 29 December 2017, the Company entered into a framework machinery purchase agreement (the "Framework Agreement") with Guangdong Liansu Machinery for 3 years commencing from 1 January 2018 and ending on 31 December 2020. For details, please refer to the announcement made by the Company on 29 December 2017.

Particulars of the Framework Agreement are disclosed below as required under the Listing Rules:

(E) J [Ö Y ë ¹ t ø
… o Ú œ
à { j õ 2017 Ë12 Ü29 Ú d l ® ! ~ ? L ç Ú œ m ê V Ú œ ® ... X D€˜ ê V X D ™•d 2018 Ë1 Ü1 Ú Î 2020 Ë12 Ü31 Ú ß ‰ , g Ë f Þ ë ‹ d a l ® ! õ 2017 Ë12 Ü29 Ú Ô * Y ® S f

ê V X D Y Z · Š ì ½ j 9 • Æ • › Þ £ ½ h j

Nature of transactions:	Purchase of machinery from Guangdong Liansu Machinery.
Terms:	The purchase price to be agreed between

ë L [{ t ø

The details of the related party transactions are set out in note 41 to consolidated financial statements.

ë L [{ t ø Y ‹ 1 õ] ¥ Ì Œ • W41 f

PUBLIC FLOAT

® : 5 p Ž

Based on the publicly available information obtained by the Company and to the best knowledge of the directors, as at the date of this report, the Company has maintained sufficient public float required under in the Listing Rules.

ì ½ I ® ! ø ® š Ä ° _ { Y Ø ¿ ½ è + Ô] d õ I S Ú , d I ® ! S \ j 5 j 9 • Æ Ô ü Y ® : 5 p Ž f

PURCHASE, SALE OR REDEMPTION OF LISTED SECURITIES

… o e / Đ Ù « j 9 Ç N

For the year ended 31 December 2017, the Company or any of its subsidiaries did not purchase, sell or redeem any of the Company's listed securities.

õ Ú 2017 Ë12 Ü31 Ú ß Ë d I ® ! Đ I , • n ® ! ? Ì … o e / Đ Ù « , I ® ! Y j 9 Ç N f

AUDITOR

è p ª

A resolution will be submitted to the 2018 AGM to re- appoint Ernst & Young as auditor of the Company.

I ® ! Z õ2018 Ë p „ Ë } 6 j d O Ô D é d ø ƒ Ì Ä Q 6 ª + Ô ‰ I ® ! Y è p ª f

By order of the Board

Õ è + 6 v

Zuo Manlun
Chief Executive and Director

A < R R è +
8 P

Hong Kong, 19 March 2018

0 ¥ d2018 Ë 3 Ü19 Ú



To the shareholders of China Lesso Group Holdings Limited
(Incorporated in the Cayman Islands with limited liability)

OPINION

We have audited the consolidated financial statements of China Lesso Group Holdings Limited (the "Company") and its subsidiaries (the "Group") set out on pages 82 to 190, which comprise the consolidated statement of financial position as at 31 December 2017, and the consolidated statement of profit or loss and other comprehensive income, the consolidated statement of changes in equity and the consolidated statement of cash flows for the year then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies.

In our opinion, the consolidated financial statements give a true and fair view of the consolidated financial position of the Group as at 31 December 2017, and of its consolidated financial performance and its consolidated cash flows for the year then ended in accordance with Hong Kong Financial Reporting Standards ("HKFRSs") issued by the Hong Kong Institute of Certified Public Accountants ("HKICPA") and have been properly prepared in compliance with the disclosure requirements of the Hong Kong Companies Ordinance.

BASIS FOR OPINION

We conducted our audit in accordance with Hong Kong Standards on Auditing ("HKSAs") issued by the HKICPA. Our responsibilities under those standards are further described in the Auditor's responsibilities for the audit of the consolidated financial statements section of our report. We are independent of the Group in accordance with the HKICPA's Code of Ethics for Professional Accountants (the "Code"), and we have fulfilled our other ethical responsibilities in accordance with the Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

ë Ÿ 2 è + °

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the consolidated financial statements of the current period. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. For each matter below, our description of how our audit addressed the matter is provided in that context.

ë Ÿ 2 è + ° J ì ½ ¢ A Y Y 8 : Ù d © ‰ Á I ,] ¥ Ì Œ Y 2 è ð ‰ Y + ° f µ , + ° J ¯ Á] ¥ Ì Œ Æ † 2 è (– Ó Y à { h † ˆ # Y d ¢ A ” Á µ , + ° d 6 ù Y f ¢ A Á h Ê S + ° ¯ 2 è • J ½ Ð Á Y \ p ø ä ‰ à { f

We have fulfilled the responsibilities described in the Auditor's responsibilities for the audit of the consolidated financial statements section of our report, including in relation to these matters. Accordingly, our audit included the performance of procedures designed to respond to our assessment of the risks of material misstatement of the consolidated financial statements. The results of our audit procedures, including the procedures performed to address the matters below, provide the basis for our audit opinion on the accompanying consolidated financial statements.

¢ A Š ¾ 5 Y I S *è p ª 1 2 è] ¥ Ì Œ Õ Ä Y ª ,* Å ± U Y ª , d < ~ µ , ë Ÿ 2 è + ° ´ ë Y ª , f ´ Ð ® d ¢ A Y 2 è ˆ * < B ‰ Ð Á Y Y] ¥ Ì Œ } y ¬ Ó , ˆ þ £ Y 2 è û • f ¢ A B 2 è û • Y d < Ð Á h ë Ÿ 2 è + ° Ô B Y û • d ‰] ¥ Ì Œ Æ ï Œ 2 è d 6 Y ? þ f

INDEPENDENT AUDITOR’S REPORT

ù m è p ª S

Provision for impairment of inventories
À ¬ ¯ = a ê

At 31 December 2017, the Group had manufacturing and trading inventories of RMB3,099,969,000, net of provision for impairment of RMB204,080,000, which represented 11.1% of the total assets. The provision for impairment mainly related to certain obsolete and slow-moving inventories. We focused on this area because these inventories are material to the Group and the provision for impairment of inventories involves a high level of management's judgement and estimate.

õ 2017 Ë 12 Ü 31 Ú d n « ¡ ¿ ¿ q ø À ¬ * & = ‰ [O Æ 3,099,969,000 © d * & = ‰ Ô ð ¯ = a ê [O Æ 204,080,000 © ˜ ˜ q X d & < * * & = Y 11.1% f ¯ = a ê ô ë õ ð • @ Û ¿ V À ¬ ° f f ¢ A Ã ë ! Å f J _ õ À ¬ Á õ n « } ò À ¬ ¯ = a ê ¿ ÷ M # 4 : Ù q f

We evaluated, amongst others, the analyses and assessments made by management with respect to obsolete and slow-moving inventories, including market values and expected selling prices of the related inventories and the Group's future plan of usage or sale. We assessed the reliability of pairment Æ`

Related disclosures in the consolidated financial statements are included in notes 2.4, 3 and 24.

õ] ¥ Ì Œ « Y ´ ë Þ £ 1 õ • W 2.4 e 3 ¿ 24 f

Valuation of investment properties
³ J 8 =

At 31 December 2017, the Group had investment properties of RMB4,038,900,000, which represented 14.4% of the total assets and were measured at fair value. The valuation of the investment properties is important to our audit as it represents a significant judgement area and is material to the total assets of the Group. Management employed independent qualified valuers to assess the fair value. The valuation of the investment properties is highly dependent on a range of estimates made by the management.

õ 2017 Ë 12 Ü 31 Ú d n « ³ J 8 * & = ‰ [O 4,038,900,000 © d & < * * & = Y 14.4% (2 ® ª = Ž f _ õ ³ J 8 = ¿ } : Ù + ° ò ‰ n « < * Y \ Ó Å ± d = Á ¢ A 2 è B ¤ } f M # 4 Ì \ ù m ¿ ¥ ø Y = ª Y ® ª = f ³ J 8 = ÷ 1 ` õ M # 4 * Y Í f

Related disclosures in the consolidated financial statements are included in notes 2.4, 3 and 14.

õ] ¥ Ì Œ « Y ´ ë Þ £ 1 õ • W2.4 e 3 ¿ 14 f

We considered the objectivity, independence and expertise of the professional valuers. We also compared property-related data used as inputs for the valuations with underlying documentation. In addition, we involved our internal specialists to assist us in analysing the valuations and reviewing the underlying assumptions, such as the use of comparable lands under the sales comparison approach. We further focused on the adequacy and appropriateness of the disclosures relating to the valuations of these investment properties.

¢ A ý G Y 8 = ª Y H Ì e ù m Ì q Y 8 Ì f ¢ A u â 0 ´ ë J 8 = p ~ ´ ë Ö • f ä . d ¢ A Ì \ « Å Y • X ? ¢ A ± ´ ë = q 2 _ ´ ë ÿ £ d ½ 4 \ V / â 0 , † â 0 z ® = Y G ... Ì f ¢ A † S É ë ! ~ ³ J 8 = ´ ë Y Þ £ Y ± Ì q G ... Ì f

The directors of the Company are responsible for the other information. The other information comprises the information included in the Annual Report, other than the consolidated financial statements and our auditor's report thereon.

Our opinion on the consolidated financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the consolidated financial statements, our responsibility is to read the other information and,

INDEPENDENT AUDITOR’S REPORT

ù m è p ª S

è + 1] ¥ Ì Œ ² Õ Ä Y ª , € ƒ •

In preparing the consolidated financial statements, the directors of the Company are responsible for assessing the Group’s ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors of the Company either intend to liquidate the Group or to cease operations or have no realistic alternative but to do so.

¯ Ü ¡] ¥ Ì Œ Û d n ® ! è + ª Y n « 5 ƒ ¾ Y • b d (¯ G \ ‹ 1 h Þ £ ~ 5 ƒ ¾ Þ ë Y + ° d ø ¿ 4 \ 5 ƒ ¾ ‰ 6 ? þ d ð ¢ n ® ! è + Þ Z n « ö µ Ð þ ß ¾ d Ð 9 Ì l ü ¼ ç Y • þ Ù é f

The directors of the Company are assisted by the Audit Committee in discharging their responsibilities for overseeing the Group’s financial reporting process.

2 è ‰ p 6 X ? n ® ! è + 5 ª d 9 – n « Y Ì S @ û f

AUDITOR’S RESPONSIBILITIES FOR THE AUDIT OF THE CONSOLIDATED FINANCIAL STATEMENTS

è p ª 1 2 è] ¥ Ì Œ Õ Ä Y ª ,

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor’s report that includes our opinion. Our report is made solely to you, as a body, and for no other purpose. We do not assume responsibility towards or accept liability to any other person for the contents of this report.

¢ A Y f z d J Á] ¥ Ì Œ Æ J l ” À ¯ _ õ œ _ Ð y ¬ þ ¬ ç Y } y ¬ Ó _ { ¥ # - Ç d (H < ¢ A Y è p ª S f ¢ A Ã Á Œ Ó p * S d ð ä ø . d l S (Ì l ü \ Ä f ð ä ˜ . l S ” * l ü \ Ä d ¢ A ? ” 1 l S Y « ™ Á , l ü [{ j Ð Õ Ä , ª , f

Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with HKSAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

¥ # - Ç J ÷ å ; Y - Ç d (” • - Ç 2 k 0 ¥ 2 è _ Æ † Y 2 è d ¯ T S } y ¬ Ó À ¯ Û < • ï $ f y ¬ Ó ø _ œ _ Ð y ¬ Ï Î d ½ ¥ # k , 4 A ù Ð@i < Î 8 • B ¤] ¥ Ì Œ 4 \ k 1 `] ¥ Ì Œ Ô * Y ¾ ö Ô › d Æ Þ ë Y y ¬ Ó — V * } f

è p ª 1 2 è] ¥ Ì Œ Õ Ä Y ª ,
€ *ƒ* •

As part of an audit in accordance with HKSAs, we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

¯ ì ½ 0 ¥ 2 è _ Æ † 2 è Y @ û • d ¢ A 6
\ Y Y 8 : Ù d - 5 Y Y 8 • 2 Ò f ¢ A u j

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Æ 9 q Y _ õ œ _ Ð y ¬ þ ¬ ç] ¥ Ì Œ À ¯ } y ¬ Ó Y , ˆ d £ ¿ B 2 è û • ø Ð Á µ , , ˆ d ø ¿ _ q G ... Y 2 è ¯ Ç d * ‰ ¢ A Y ? þ f _ õ œ _ • ¿ Q e ý ¿ e ... r e H ÿ Ó d Ð K w õ « Å › S ˜ j d ª ä J • ï $ ª œ _ þ ¬ ç Y } y ¬ Ó Y , ˆ ÷ õ J • ï $ ª y ¬ þ ¬ ç Y } y ¬ Ó Y , ˆ f

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.

- ~ 2 è ´ ë Y « Å › S d ø £ G ... Y 2 è û • d (f Y (¢ Á n « « Å › S Y Þ Ö Ì ï Œ f

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors.

- Y è + Ô ® \ 6 A Y & ... Ì ¿ * 6 q ´ ë Þ £ Y ¥ # Ì f

- Conclude on the appropriateness of the directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.

- Á è + ® \ 5 *ƒ* ¾ 6 ? þ Y & ... Ì * f ì ½ Ô _ Y 2 è ¯ Ç d ½ › J I À ¯ ~ + ° Ð ‹ 1 Þ ë Y } ” ½ › Ì d } þ • ¬ ç Á n « Y 5 *ƒ* ¾ • b * [} 2 G f ½ ¢ A © ‰ À ¯ } ” ½ › Ì d Æ Þ @ ¯ è p ª S • d 4 \ k !] ¥ Ì Œ • Y ´ ë Þ £ f ÿ ð Þ ë Y Þ £ ” d Æ ¢ A Ð ... ï Œ ¢ Ì - 5 f ¢ A Y J ? õ è p ª S Ú ß Ô _ { Y 2 è ¯ Ç f Í þ d J 8 + ° Ð ‹ 1 • ¬ ç n « ” • 5 *ƒ* ¾ f

- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

We communicate with the Audit Committee regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide the Audit Committee with a statement that we have complied with relevant ethical requirements regarding

è p ª 1 2 è] ¥ Ì Œ Õ Ä Y ª ,
€ *f* •

From the matters communicated with the Audit Committee, we determine those matters that were of most significance in the audit of the consolidated financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

} ~ 2 è ‰ p 6 V · Y + ° • d ¢ A ½ › s , + ° Á I ,] ¥ Ì Œ Y 2 è ð ‰ d ª þ ô Ó ë Ÿ 2 è + ° f ¢ A ¯ è p ª S • \ µ , + ° d ð ¢ , , • ” ª ¢ ® š Þ £ µ , + ° d Ð ¯ = L ü Y ‹ 1 h d ½ ¥ # k , ¯ ¢ A S • V · T + ° ¿ Ó Y & t @ * [Y ® : ; B d ¢ A Ô › ” Ð ¯ S • V · + ° f

The engagement partner on the audit resulting in this independent auditor's report is Lau Kin Yu.

H I ù m è p ª S Y 2 è ° f ¥ « [J ç f

Ernst & Young
Certified Public Accountants
22/F CITIC Tower
1 Tim Mei Avenue
Central, Hong Kong

Ä Q 6 ª + Ô
B 8 6 ª
0 ¥ •
ô Õ 81 î
• ¦ } 22 }

19 March 2018

2018 Ë3 Ü19 Ú

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

Year ended 31 December 2017

		Note	2017 RMB'000	2016 RMB'000
REVENUE		5	20,360,000	17,221,052
Cost of sales			(15,043,217)	(12,639,274)
Gross profit			5,316,783	4,581,778
Other revenue, income and gains		5	568,650	138,021
Selling and distribution expenses			(1,029,222)	(821,557)
Administrative expenses			(938,241)	(758,583)
Other expenses			(732,914)	(608,619)
Finance costs		6	(229,309)	(107,061)
Share of results of associates		17	(1,404)	–
Share of results of joint ventures		18	243	813
PROFIT BEFORE TAX		7	2,954,586	2,424,792
Income tax expense		9	(688,779)	(511,088)
PROFIT FOR THE YEAR			2,265,807	1,913,704
OTHER COMPREHENSIVE INCOME/(EXPENSE)				
Items that may be reclassified subsequently to profit or loss:				
Available-for-sale investments:				
Changes in fair value			219,589	24,236
Reclassification adjustments for gains included in consolidated statement of profit or loss				
– gain on disposal			(1,050)	–
– gain on early redemption			(39,071)	–
			179,468	24,236
Exchange differences on translation of foreign operations			197,143	(113,554)
OTHER COMPREHENSIVE INCOME/(EXPENSE) FOR THE YEAR			376,611	(89,318)
TOTAL COMPREHENSIVE INCOME FOR THE YEAR			2,642,418	1,824,386

		Note	2017 RMB'000	2016 RMB'000
		• W	[O Æ w ©	[O Æ w ©
Profit attributable to:	ø h Đ & P ; j			
Owners of the Company	I ® ! ¹ Þ [		2,293,055	1,922,027
Non-controlling interests	¢ › S Æ B		(27,248)	(8,323)
			2,265,807	1,913,704
Total comprehensive income attributable to:	ø h Đ & Œ & × B < X j			
Owners of the Company	I ® ! ¹ Þ [		2,666,410	1,827,904
Non-controlling interests	¢ › S Æ B		(23,992)	(3,518)
			2,642,418	1,824,386
EARNINGS PER SHARE ATTRIBUTABLE TO	I ® ! ¹ Þ [Đ &			
OWNERS OF THE COMPANY	Ê p ® ;	11		
Basic and diluted	? I ¿ Å [		RMB0.74	RMB0.62
			[O Æ0.74 ©	[O Æ0.62 ©

CONSOLIDATED STATEMENT OF FINANCIAL POSITION



"T BU %FDFNCFS
õ Ë Ü Ú

		Note	2017 RMB'000 [O Æ w ©	2016 RMB'000 [O Æ w ©
NON-CURRENT ASSETS	¢ t *			
Property, plant and equipment	J 8 e @ Ò ¿ £ ê	12	7,156,134	6,621,953
Prepaid land lease payments	k ù z ® a # ›	13	1,266,216	1,249,367
Investment properties	³ J 8	14	4,038,900	2,469,488
Deposits paid for the purchase of land, property, plant and equipment	... o z ® e J 8 e @ Ò ¿			

		Note	2017 RMB'000	2016 RMB'000
		• W	[O Æ w ©	[O Æ w ©
NON-CURRENT LIABILITIES	¢ t À			
Borrowings	> ›	31	5,442,119	442,407
Other long-term payables	I ü — , Ð ù › °		92,572	106,439
Deferred tax liabilities	È · ü ° À	32	444,640	272,568
Deferred income	È · × B	33	137,012	114,308
Total non-current liabilities	¢ t À < X		6,116,343	935,722
Net assets	* X		13,783,491	11,537,672
EQUITY	Æ B			
Share capital	p I	34	135,344	135,344
Reserves	· ê	35	13,354,571	11,096,165

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

Year ended 31 December 2017

	Attributable to owners of the Company										
	Share capital	Share premium	Statutory reserve[a]	Capital reserve[b]	Merger reserve	Available-for-sale investment revaluation reserve	Exchange fluctuation reserve	Retained profits	Total	Non-controlling interests	Total equity
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000

Note:

(a) In accordance with the Company Law of PRC, each of the Company's subsidiaries registered in PRC is required to appropriate 10% of the annual statutory profit after tax (after offsetting any prior years' losses) determined in accordance with generally accepted accounting principles in PRC to the statutory reserve until the balance of the reserve fund reaches 50% of its registered capital. The statutory reserve can be utilised to offset prior years' losses or to increase capital, provided that the remaining balance of the statutory reserve is not less than 25% of the registered capital.

(b) Capital reserve mainly represented the difference between the consideration and the book value of the share of the net assets acquired in respect of the acquisition of non-controlling interests.

• W j

(a) ì ½ • 7 ® ! , d I ® ! õ • 7 W Y ¢ œ • n ® ! ² Œ a ì ½ • 7 ® © 6 a Æ > › Y Ë , › ð ü P ; € ¾ Ô ð , @ » Ë f & • Y10% , › · ê d \ · ê – q : Q I W I Y50% ‰ ß f , › · ê \ õ ê V @ » Ë f & Ð # d " , › · ê Y q h q " { Ç õ W I Y25% f

CONSOLIDATED STATEMENT OF CASH FLOWS

:F B S F O E F E %F D F N C F S
Ú Ë Ü ÚßË

	Note • W	2017 RMB'000 [O Æ w ©	2016 RMB'000 [O Æ w ©
OPERATING ACTIVITIES ¾ z			
Profit before tax: ð ü Ã P ; j		2,954,586	2,424,792
Adjustments for: 1 ø h ¢ ° * Æ j			
Interest income ; ¹ × B	5	(90,785)	(61,591)
Government grants released Š a] Y A ´ þ ?		(3,982)	(1,905)
Gain on fair value changes of investment properties ³ J 8 ® ª = ® ;	5	(327,313)	(31,885)
Gain on disposal of available-for-sale investments / 6 / ³ Ô { ; B	5	(1,050)	–
Gain on disposal of held-to-maturity investments / 5 Þ Q , ³ Ô { ; B	5	(3,315)	–
Gain on early redemption of available-for-sale investments d Ø Ù « 6 / ³ Ô { ; B	5	(39,071)	–
Gain on early redemption of held-to-maturity investments d Ø Ù « 5 Þ Q , ³ Ô { ; B	5	–	(206)
Investment income ³ × B	5	(2,694)	(5,781)
Gain on disposal of subsidiaries / • n ® ! ; B	5	(2,141)	–
Interest expenses ; ¹ š Õ	6	229,309	107,061
Depreciation and amortisation ± ¿ Å V	7	646,822	593,366
Write-down of inventories to net realisable value, net Û ¯ À ¬ $ = X	7	61,843	50,445
Loss on disposal of items of other intangible assets and property, plant and equipment / I ü Ì – * q J 8 e @ Ò ¿ £ ê ° f Y f &	7	15,144	7,309
Changes in fair value of derivative financial instruments [– D ^ H ® ª =	7	31,575	(1,942)
Impairment of property, plant and equipment J 8 e @ Ò ¿ £ ê ¯ =	7	–	15,467
Impairment of trade receivables, net q ø Ð × › ° ¯ = X	7	25,268	30,227
Share of results of associates ± & L =š Õ646,1,1_(67 18 9 9 5 3 8 5] 0 T w 6 2 . 3 9 5 . 2 6 T 1 1 – T j / T 1 _ 0 a T c i s s 6 4 2 a r 1 0 0 1 T j (h) e 0 T e 3 2 5 0 0 a			

	Note	2017 RMB'000	2016 RMB'000
	• W	[O Æ w ©	[O Æ w ©
INVESTING ACTIVITIES			

]¥Ì Œ•W

The Company is a limited liability company incorporated in the Cayman Islands. The addresses of its registered office

When the Company has, directly or indirectly, less than a majority of the voting or similar rights of an investee, the Group considers all relevant facts and circumstances in assessing whether it has power over an investee, including:

(i) the contractual arrangement with the other vote holders of the investee;

(ii) rights arising from other contractual arrangements; and

(iii) the Group's voting rights and potential voting rights.

2.2 6 A ¿ Þ £ + °

The Group has adopted the following revised standards for the first time for the current year's consolidated financial statements.

I « õ I Ë Y] ¥ Ì Œ « / ã Ð \ h • ¾ L _ Æ f

Amendments to HKAS 7	Disclosure Initiative	0 ¥ 6 _ Æ K7 î L I Þ £ ô Ì
Amendments to HKAS 12	Recognition of Deferred Tax Assets for Unrealised Losses	0 ¥ 6 _ Æ K12 î L I 1 J ¼ $ f & ½ © È · ü ° *
Amendments to HKFRS 12 included in Annual Improvements to HKFRSs 2014–2016 Cycle	Disclosure of Interests in Other Entities: Clarification of the Scope of HKFRS 12	2014 Ë 2016 Ë „ , Y 0 ¥ Ì S _ Æ Ë · Ô 1 ˜ 0 ¥ Ì S _ Æ K12 î L I Þ £ õ I ü ¼ ˜ Æ B j > ö 0 ¥ Ì S _ Æ K12 î Í

None of the above amendments to HKFRSs has had a significant financial effect on these consolidated financial statements. Disclosure has been made in note 44 to the financial statements upon the adoption of amendments to HKAS 7, which require an entity to provide disclosures that enable users of financial statements to evaluate changes in liabilities arising from financing activities, including both changes arising from cash flows and non-cash changes.

j 0 ¥ Ì S _ Æ ˜ L I ? J Á I] ¥ Ì Œ * [, } Ì B ¤ f 0 ¥ 6 _ Æ K7 î • › ¼ ² d 6 + Ì Œ 4 \ k Y ª D z Ô * [Y À ˜ € < ª $ – t Ž ¿ ¢ $ – þ * [˜ • * Þ £ f I « Š õ ® v 0 ¥ 6 _ Æ K7î õ Ì Œ • W44 « * ´ ë Þ £ f

2.3 Š o 1 (J [Ö Y 0 ¥ Ì S _ Æ

The Group has not early applied the following new and revised standards, that have been issued but are not yet effective, in these consolidated financial statements:

I « ¯ I] ¥ Ì Œ • J d Ø Ð \ h • Š o 1 (J [Ö Y - ¿ ¾ L _ Æ f

HKFRS 9	Financial Instruments[1]	0 ¥ Ì S _ Æ K9 î	– D ˆ H [1]
HKFRS 15	Revenue from Contracts with Customers[1]	0 ¥ Ì S _ Æ K15 î	8 Ò ¥ Ò Y ×] [1]
HKFRS 16	Leases[2]	0 ¥ Ì S _ Æ K16 î	a # [2]
HKFRS 17	Insurance Contracts[3]	0 ¥ Ì S _ Æ K17 î	- ˆ ¥ Ò [3]
HK(IFRIC) Interpretation 22	Foreign Currency Transactions and Advance Consideration[1]	0 ¥ € 7 ç Ì S Q ‰ p 6 • Q K22 î	. Æ t ø ¿ k ù þ [1]
HK(IFRIC) Interpretation 23	Uncertainty over Income Tax Treatments[2]	0 ¥ € 7 ç Ì S Q ‰ p 6 • Q K23 î	Ô { ü ˆ # ” ½ › Ì [2]
Amendments to HKFRS 15	Clarifications to HKFRS 15[1]	0 ¥ Ì S _ Æ K15 î L I	> ö 0 ¥ Ì S _ Æ K15 î [1]
Amendments to HKFRS 2	Classification and Measurement of Share-based Payment Transactions[1]	0 ¥ Ì S _ Æ K2 î L I	ø p … ‰ ? _ ù › Y t ø Y ± ó ¿ Ž [1]
Amendments to HKFRS 4	Applying HKFRS 9 Financial Instruments with HKFRS 4 Insurance Contracts[1]	0 ¥ Ì S _ Æ K4 î L I	0 ¥ Ì S _ Æ K9 î – D ˆ H ~ 0 ¥ Ì S _ Æ K4 î - ˆ ¥ Ò S ; Ð \ [1]
Amendments to HKFRS 9	Prepayment Features with Negative Compensation[2]	0 ¥ Ì S _ Æ K9 î L I	H Þ þ µ ˜ k ù › ° $ Ì [2]
Amendments to HKAS 28	Long-term Interests in Associates and Joint Ventures[2]	0 ¥ 6 _ Æ K28 î L I	õ L ® ! ¿ ¥ ® ! ˜ — , Æ B [2]
Amendments to HKAS 40	Transfers of Investment Property[1]	0 ¥ 6 _ Æ K40 î L I	7 + [3] J 8 [1]
Amendments to HKFRS 10 and HKAS 28	Sale or Contribution of Assets between an Investor and its Associate or Joint Venture[4]	0 ¥ Ì S _ Æ K10 î ¿ 0 ¥ 6 _ Æ K28 î L I	[3] k ~ I L ® ! Ð ¥ ® ! ˜ œ Y * / Ð [3]] [4]
Annual Improvements 2014–2016 Cycle	Amendments to HKFRS 1 and HKAS 28[1]	Ë · 2014 Ë 2016 Ë „ ,	0 ¥ Ì S _ Æ K1 î ¿ 0 ¥ 6 _ Æ K28 î L I [1]
Annual Improvements 2015–2017 Cycle	Amendments to a number of HKFRSs[2]	Ë · 2015 Ë 2017 Ë „ ,	µ ° 0 ¥ Ì S _ Æ Y L I [2]

[1] Effective for annual periods beginning on or after 1 January 2018
[2] Effective for annual periods beginning on or after 1 January 2019
[3] Effective for annual periods beginning on or after 1 January 2021
[4] Mandatory effective date not yet determined

[1] G \ õ2018 Ë 1 Ü1 Ú Ð ø š • Y Ë , œ
[2] G \ õ2019 Ë 1 Ü1 Ú Ð ø š • Y Ë , œ
[3] G \ õ2021 Ë 1 Ü1 Ú Ð ø š • Y Ë , œ
[4] J > › v S [Ö Ú ,

Other than as further explained below, the directors do not anticipate that the application of the new and revised HKFRSs above will have a material effect on the Group's consolidated financial statements and the disclosure.

In September 2014, the HKICPA issued the final version of HKFRS 9, bringing together all phases of the financial instruments project to replace HKAS 39 and all previous versions of HKFRS 9. The standard introduces new requirements for classification and measurement, impairment and hedge accounting. The Group will adopt HKFRS 9 from 1 January 2018. The Group will not restate comparative information and will recognise any transition adjustments against the opening balance of equity at 1 January 2018. During 2017, the Group has performed a detailed assessment of the impact of the adoption of HKFRS 9. The expected

. 7e [(requirementtcloare summareviseants lbels:.3)Tj /CS0 cs 45.1 -4.996 -59.004 sc /GS0 gs /T1_1 1 Tf 0 -2.889 Tm (Aed))Tj /Sp
dhe of financihe asts 9. expeous
t

39.3g 28.31.31.31.31.3(A) .3

2.3 Š o 1 (J [Ö Y 0 ¥ Ì S _ Æ € ƒ •

HKFRS 9 requires an impairment on debt instruments recorded at amortised cost or at fair value through other comprehensive income, lease receivables, loan commitments and financial guarantee contracts that are not accounted for at fair value through profit or loss under HKFRS 9, to be recorded based on an expected credit loss model either on a twelve-month basis or a lifetime basis. The Group will apply the simplified approach and record lifetime expected losses that are estimated based on the present values of all cash shortfalls over the remaining life of all of its trade receivables. Furthermore, the Group will apply the general approach and record twelve-month expected credit losses that are estimated based on the possible default events on its other receivables within the next twelve months. Upon the initial adoption of the standard, no material impact is expected on the provision for impairment of its trade and other receivables.

(B) ¯ =
0 ¥ Ì S _ Æ K9 î • › 2 Å V Ó
I Ð ® ª =] I ü Œ & × B Y À
ˆ H e a # Ð × › ° e r › Õ U ¿
(¢ ì ½ 0 ¥ Ì S _ Æ K9 î 2 ®
ª =] & B ˜ Ì Ä - ¥ Ò Y ¯
= d ² ? õ d Z H Ü Ð Æ H À ƒ , œ
Y k , ¦ r f & | è] * f I « Z
Ð \ · Ù , d Q Ô Þ q ø Ð × ›
° q h À ƒ , « Y Ô Þ $ – õ y Y $
= d ª Æ H À ƒ , Y k , & 0] * f
ä . d I « Z Ð \ S › Ù , d (¾
} ì ½ J 8 d Z H Ü « I ü Ð × › °
• < Ò + • Ô Y d Z H Ü k ,
¦ r f & f õ ‹ É ® v z _ d k
, ” 6 Á I q ø Ð × › ° ¿ I ü Ð ×
› ° Y ¯ = a ê * [} B ¤ f

HKFRS 15, issued in July 2014, establishes a new five-step model to account for revenue arising from contracts with customers. Under HKFRS 15, revenue is recognised at an amount that reflects the consideration to which an entity expects to be entitled in exchange for transferring

An associate is an entity in which the Group has a long term interest of generally not less than 20% of the equity voting rights and over which it is in a position to exercise significant influence. Significant influence is the power to participate in the financial and operating policy decisions of the investee, but is not control or joint control over those policies.

A joint venture is a type of joint arrangement whereby the parties that have joint control of the arrangement have rights to the net assets of the joint venture. Joint control is the contractually agreed sharing of control of an arrangement, which exists only when decisions about the relevant activities require unanimous consent of the parties sharing control.

The Group's investments in associates and joint ventures are stated in the consolidated statement of financial position at the Group's share of net assets under the equity method of accounting, less any impairment losses.

The Group's share of the post-acquisition results and other comprehensive income of associates and joint ventures is included in profit or loss and other comprehensive income, respectively. In addition, when there has been a change recognised directly in the equity of the associates or joint ventures, the Group recognises its share of any changes, when applicable, in the consolidated statement of changes in equity. Unrealised gains and losses resulting from transactions between the Group and its associates or joint ventures are eliminated to the extent of the Group's interests in the associates or joint ventures, except where unrealised losses provide evidence of an impairment of the asset transferred. Goodwill arising from the acquisition of associates or joint ventures is included as part of the Group's investments in associates or joint ventures.

INTEREST IN JOINT OPERATION

arrang.(th9t)3.5(Join9)13.8(contro9)13.6(i9)13.8(th9)13.8(contractuall9)13.8(ag222s)27.2( )]TJ 0.028 Tc 0.07

2.4 ô 6 A ? € ƒ •

The Group recognises in relation to its interest in a joint operation:

õ ¥ 8 ˜ Æ B € ƒ •
I « 1 I õ ¥ 8 ˜ Æ B ½ © j

- its assets, including its share of any assets held jointly;
- I * d < ± & , • • 5 Þ ˜ * i
- its liabilities, including its share of any liabilities incurred jointly;
- I À d < ± & , • • * [˜ À i
- its revenue from the sale of its share of the output arising from the joint operation;
- / I õ ¥ 8 Ð & * ˜ Ô { ×] i
- its share of the revenue from the sale of the output by the joint operation; and
- / ¥ 8 * ˜ Ð & ×] i ¿
- its expenses, including its share of any expenses incurred jointly.
- I š Õ d < ± & , • • * [˜ š Õ f

The assets, liabilities, revenues and expenses relating to the Group's interest in a joint operation are accounted for in accordance with the HKFRSs applicable to the particular assets, liabilities, revenues and expenses.

I « õ ¥ 8 ˜ Æ B ˜ Þ ë * e À e ×] ¿ š Õ W ì ½ G \ õ ´ ë * e À e ×] ¿ š Õ ˜ 0 ¥ Ì S _ Æ] * f

BUSINESS COMBINATIONS AND GOODWILL

Business combinations are accounted for using the acquisition method. The consideration transferred is measured at the acquisition-date fair value which is the sum of the acquisition-date fair values of assets transferred by the Group, liabilities assumed by the Group to the former owners of the acquiree and the equity interests issued by the Group in exchange for control of the acquiree. For each business combination, the Group elects whether to measure the non-controlling interests in the acquiree that are present ownership interests and entitle their holders to a proportionate share of net assets in the event of liquidation either at fair value or at the proportionate share of the acquiree's identifiable net assets. All other components of non-controlling interests are measured at fair value. Acquisition-related costs are expensed as incurred.

8 ¥ ; ¿ ‘
8 ¥ ; W ø ... o ,] * f 7 + ˜ þ W ø × ... Ú , Y ® ª = Q d ® ª = ‰ I « 7 + Y * õ × ... Ú , Y ® ª = e I « — × ... Ù ˜ Ã ¹ Þ [Õ Ä Y À d ¿ I « ï ø I _ — × ... Ù › S Æ Y p I Æ B Y < q f õ ¢ 8 ¥ ; • d I « o ¿ J I ø ® ª = Ð — × ... Ù Æ 9 * = Y Ð & â 7 d Q õ — × ... Ù n $ Û ¹ Þ Æ Æ B ((š I 5 Þ [Þ Æ õ ö µ Û 2 â 7 ± & ¼ Y * Y ¢ › S Æ B f ¢ › S Æ B Y S ² I ü Ó ± W 2 ® ª = Ž f × ... ´ ë Ó I õ * [Û • ‰ š Õ f

2.4 ô 6 A ? €ƒ•

When the Group acquires a business, it assesses the financial assets and liabilities assumed for appropriate classification and designation in accordance with the contractual terms, economic circumstances and pertinent conditions as at the acquisition date. This includes the separation of embedded derivatives in host contracts of the acquiree.

8 ¥ ; ¿ €ƒ• … I « × … S ° 8 Û d 6 ì ½ ¥ Ò â › e õ × … Ú , Y ¾ ö ¤ ¿ ´ ë â • d Y Z Õ Ÿ Y – D * ¿ À d ø * G … Y ± ó ¿ z j d I • < ± N — × … Ù ô ¥ Ò • Y 2] Ì [ˆ H f

If the business combination is achieved in stages, the previously held equity interest is remeasured at its acquisition-date fair value and any resulting gain or loss is recognised in profit or loss.

J 8 ¥ ; ± I † d ø » 5 Þ Y p I Æ B 6 ø × … Ú , Y ® ª = - Ž d , ª ä m 8 Y ; B Ð f & õ & B • ½ © f

Any contingent consideration to be transferred by the acquirer is recognised at fair value at the acquisition date. Contingent consideration classified as an asset or liability that is a financial instrument and within the scope of HKAS 39 is measured at fair value with changes in fair value either recognised in profit or loss or as a change to other comprehensive income. If the contingent consideration is not within the scope of HKAS 39, it is measured in accordance with the appropriate HKFRS. Contingent consideration that is classified as equity is not remeasured and subsequent settlement is accounted for within equity.

Z _ × … Ù 7 + Y , Ð Í þ õ × … Ú , 2 ® ª = ½ © f ± ó ‰ * Ð À€ n – D ˆ H •ò n 0 ¥ 6 _ Æ K 39 î Í š « Y Ð Í þ 2 ® ª = Ž d ® ª = Y õ & B ½ © Ð ½ © ‰ I ü Œ & × B Y f

Goodwill is initially measured at cost, being the excess of the aggregate of the consideration transferred, the amount recognised for non-controlling interests and any fair value of the Group's previously held equity interests in the acquiree over the identifiable net assets acquired and liabilities assumed. If the sum of this consideration and other items is lower than the fair value of the net assets acquired, the difference is, after reassessment, recognised in profit or loss as a gain on bargain purchase.

2.4 ô 6 A ? € ƒ •

After initial recognition, goodwill is measured at cost less any accumulated impairment losses. Goodwill is tested for impairment annually or more frequently if events or changes in circumstances indicate that the carrying value may be impaired. The Group will perform its annual impairment test of goodwill as at 31 December. For the purpose of impairment testing, goodwill acquired in a business combination is, from the acquisition date, allocated to each of the Group•1.2( )0A1ash-generating units, or groups ofA1ash-generating units, that are expected to benefit from the synergies of the combination, irrespective ofAwhether other assets or liabilities ofAthe Group are assigned toAthose units or groups ofAunits.

8 ¥ ; ¿ € ƒ •
õ ‹ • ½ © d ‘ 2 Ó I ¯ ,] ¯ =
f & Ž f ‘ ² Ê Ë † ¯ = » d ð Þ
+ • ï [Ð ‹ 1 · j * & = • ¯ = d
Æ 6 » – W ® † » f I « Z õ12 Ü
31 Ú † ‘ Y Ë ¯ = » f ‰ † ¯
= » d Ì I « I ü * Ð À J I Š
± ã $ – * [Ð $ – * [\ 9 d
ª 8 ¥ ; þ ...] Y ‘ × ... Ú , Î ± ã
k , } ¥ ; * [Y X • Ö B • B Y I
« ¢ $ – * [Ð $ – * [\ 9 f

Impairment is determined by assessing the recoverable amount ofAthe 1ash-generating unit (group ofAcash-generating units) to which the goodwill relates. Where the recoverable amount ofAthe 1ash-generating unit (group ofAcash-generating units) is less thanAthe 1arrying amount, an impairment loss is recognised. An impairment loss recognised for goodwill is not reversed in a subsequent period.

¯ = W · @ Y ~ ‘ Þ ë Y $ – * [
€ $ – * [\ 9 •Y × « – X > › f ...
$ – * [€ $ – * [\ 9 •Y × «
– X - õ * & = Û d Æ ½ © ¯ = f & f Š ½
© ‘ ¯ = f & ” { õ I , œ a « f

Where goodwill has been allocated toAa 1ash-generating unit (or group of cash-generating units) and part of the operation within that unit is disposed of, the goodwill associated with the operation disposed ofAisAincluded in theAcarrying amount of the operation when determining the gain or loss on the disposal. Goodwill disposed of in these circumstances is measured based on the relative value of the operation disposed of and the portion of the 1ash-generating unit retained.

J ‘ Š ± ã $ – * [€ Ð $ – * [
\ 9 •þ Y Å ± 8 Š / d Æ
~ Ô / 8 ´ ë Y ‘ 6 ¯ > › / Y ;
B Ð f & Û] 8 Y * & = f ¯ ‹
1 h / Y ‘ d W ì ½ Ô / 8 Y ´ Á
= ¿ $ – * [Y - 5 ... X Ž f

2.4 ô 6 A ? €ƒ•

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The fair value measurement is based on the presumption that the transaction to sell the asset or transfer the liability takes place either in the principal market for the asset or liability, or in the absence of a principal market, in the most advantageous market for the asset or liability. The principal or the most advantageous market must be accessible by the Group. The fair value of an asset or a liability is measured using the assumptions that market participants would use when pricing the asset or liability, assuming that market participants act in their economic best interest.

®ª =˜ Ž
®ª =‰9 ~kõ ŽÚ,¯Þ•t ø• / *Ô×_Y øÐ7+ ÀÔÕ ùY øf®ª = ŽWÿ£ / *Ð 7+ ÀYtøõ *Ð Àô 9 Ð €¯Ìô 9 ‹1h•ðH´Ð9 † þ* fô ÐðH´Ð9 ²‰I« †]˜9 f *Ð ÀY®ª =W?õ 9 ~kõ *Ð À› Ô\Yÿ£ Ž€Cÿ£9 ~k6øð3¾ö;B ƒ•

A fair value measurement of a non-financial asset takes into account a market participant's ability to generate economic benefits by using the asset in its highest and best use or by selling it to another market participant that would use the asset in its highest and best use.

¢–D *Y®ª = Ž² ¿9 ~kÀ@ð}" 4\ *:çð3\Äd ÐZ * /šZð}" 4\ *: çð3\ÄYIü9 ~kø*[¾ö; BY•bf

The Group uses valuation techniques that are appropriate in the circumstances and for which sufficient data are available to measure fair value, maximising the use of relevant observable inputs and minimising the use of unobservable inputs.

I« ®vG\õ"•‹1òHê ±p½ ø6 Ž®ª =Y =Ù,dø8Ž4\ ´ë HÀi]p½¿8Ž¯Ç4\" HÀi]p½f

All assets and liabilities for which fair value is measured or disclosed in the consolidated financial statements are categorised within the fair value hierarchy, described as follows, based on the lowest level input that is significant to the fair value measurement as a whole:

ÔÞõl]¥Ì Œ ŽÐÞ£®ª = Y *¿ ÀW?õÁ®ª = ŽÆ þ n }Yð-4i]p½2øh®ª = 4t±ój

Level 1 – based on quoted prices (unadjusted) in active markets for identical assets or liabilities

KSt Ñ ?õ´• *Ð Àõz"9 Y €J¾ Æ•

Level 2 – based on valuation techniques for which the lowest level input that is significant to the fair value measurement is observable, either directly or indirectly

KZt Ñ 2 =¦" ŽdþÁ®ª = Žþ n }Yð-4i]p ½ \ŸÐœŸHÀ{

Level 3 – based on valuation techniques for which the lowest level input that is significant to the fair value measurement is unobservable

Kgt Ñ 2 =¦" ŽdþÁ®ª = Žþ n }Yð-4i]p ½" HÀ{

For assets and liabilities that are recognised in the consolidated financial statements on a recurring basis, the Group determines whether transfers have occurred between levels in the hierarchy by reassessing categorisation (based on the lowest level input that is significant to the fair value measurement as a whole) at the end of each reporting period.

IMPAIRMENT OF NON-FINANCIAL ASSETS

Where an indication of impairment exists, or when annual impairment testing for an asset is required (other than inventories, construction contract asset, deferred tax assets and financial assets), the asset's recoverable amount is estimated. An asset's recoverable amount is the higher of the asset's or cash-generating unit's value in use and its fair value less costs of disposal, and is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or groups of assets, in which case the recoverable amount is determined for the cash-generating nt i35(nt i35(nt i3o(nt i35ich)14.2(the)13.2(ca.5(asset)14.2( )]TJ 0.073 Tc 0 .028 Tw
assaspairment

A party is considered to be related to the Group if:

ë L [{
õ h • ‹ 1 h d Þ ë [{ Z — V ‰ I « Y
ë L [{ j

(a) the party is a person or a close member of that person's family and that person

(a) T H 9 [{ Đ I K W • ¬ Ó p d þ ¤ [{

(i) has control or joint control of the Group;

(i) › S Đ • • › S I « i

(ii) has significant influence over the Group; or

(ii) Á I « H } B ¤ i Đ

(iii) is a member of the key management personnel of the Group or of a parent of the Group;

(iii) ‰ I « Đ I « N ® ! Y ô M # 4 Ó p i

or

Đ

(b) the party is an entity where any of the following conditions applies:

(b) Þ ë [{ ‰ ¼ ò L ¥ h • , â • j

(i) the entity and the Group are members of the same group;

(i) ¼ ~ I « n • S « ˜ Ó p i

(ii) one entity is an associate or joint venture of the other entity (or of a parent, subsidiary or fellow subsidiary of the other entity);

(ii) S œ ¼ ‰ $ S ¼ Y L ® ! Đ ¥ † 8€ Đ n $ S ¼ Y N ® ! e • n ® ! Đ • û • n ® ! ˜ é h ‹

(iii) the entity and the Group are joint ventures of the same third party;

(iii) ¼ ¿ I « i ‰ • S K g Ù Y ¥ † 8 i

(iv) one entity is a joint venture of a third entity and the other entity is an associate of the third entity;

(iv) S œ ¼ ‰ K g Ù ¼ Y ¥ † 8 d þ $ S ¼ ‰ K g Ù ¼ Y L ® ! i

(v) the entity is a post-employment benefit plan for the benefit of employees of either the Group or an entity related to the Group;

(v) ¼ ‰ N E ; Œ d Œ Y a B [‰ I « Đ ~ I « Þ ë Y ¼ Y ‡ p i

(vi) the entity is controlled or jointly controlled by a person identified in (a);

(vi) ¼ _(a) ° Ô [{ › S Đ • • › S i

(vii) a person identified in (a)(i) has significant influence over the entity or is a member of the key management personnel of the entity (or of a parent of the entity); and

(vii) õ (a)(i) ° Ô [{ Á ¼ Þ } B ¤ Đ n ¼ € Đ ¼ Y N ® ! •ô M # 4 Ó p i ¿

(viii) the entity, or any member of a group of which it is a part, provides key management personnel services to the Group or to the parent of the Group.

(viii) ¼ Đ I Ô n « Y , Ó p ® ! £ I « Đ I « ˜ N ® ! d 6 ô M # [p f

2.4 ô 6 A ? € ƒ •

Property, plant and equipment, other than construction in progress, are stated at cost less accumulated depreciation and any impairment losses. The cost of an item of property, plant and equipment comprises its purchase price and any directly attributable costs of bringing the asset to its working condition and location for its intended use.

J 8 e @ Ò ¿ £ ê ˜ ± ð ¯ ˆ û . d J 8 e @ Ò ¿ £ ê 2 Ó I ¯] ± ¿ , ¯ = f & • * f J 8 e @ Ò ¿ £ ê ° f Y Ó I < I … o ¿ 4 * ˆ õ Ý › \ Ä Y 6 * K 1 ¿ ® Ã þ * [Y , \ Ÿ Ó I f

Expenditure incurred after items of property, plant and equipment have been put into operation, such as repairs and maintenance, is normally charged to profit or loss in the period in which it is incurred. In situations where the recognition criteria are satisfied, the expenditure for a major inspection is capitalised in the carrying amount of the asset as a replacement. Where significant parts of property, plant and equipment are required to be replaced at intervals, the Group recognises such parts as individual assets with specific useful lives and depreciates them accordingly.

J 8 e @ Ò ¿ £ ê ° f ³] 6 * * [Y Õ € 7 ½ j L ¿ - n •d S › õ I * [, œ & B « Ô ð f J • D L ¥ ½ © z _ d } è _ Y š Õ 6 õ * * & = • I · * ‰ • I f J J 8 e @ Ò ¿ £ ê Y ô Å ± ² › , • I d I « 6 ½ © Å ± ‰ Þ $ › 4 \ Ë , Y H 9 * ¿ ´ Ð d ± f

Depreciation is calculated on the straight-line basis to write off the cost of each item of property, plant and equipment to its residual value over its estimated useful life. The principal annual rates used for this purpose are as follows:

± ø \ Þ , Q d 2 Ê ° J 8 e @ Ò ¿ £ ê ° f Y 4 \ Ë , Û V I Ó I I õ q = f ‰ ä f Y þ ô 4 \ Y Ê Ë ± ½ h j

Freehold land	Not depreciated
Land and buildings	2.3% to 5%
Plant and machinery	9% to 19%
Furniture, fixtures and office equipment	9.5% to 32.3%
Motor vehicles	9.5% to 32.3%
Leasehold improvements	Over the shorter of the lease terms and 20%

Q n 8 Æ z ®	(Ì ±
z ® ¿ } Á	2.3% 5%
@ Ò ¿ Ú œ	9% 19%
• H e Ä ¿ I ® £ ê	9.5% 32.3%
Û	9.5% 32.3%
a # J 8 L	2 a , ~20% G k • Y 0 õ k

Where parts of an item of property, plant and equipment have different useful lives, the cost of that item is allocated on a reasonable basis among the parts and each part is depreciated separately. Residual values, useful lives and the depreciation method are reviewed, and adjusted if appropriate, at least at each financial year end.

J J 8 e @ Ò ¿ £ ê ° f Y Å ± Þ ” • Y 4 \ Ë , d Æ ° f Y Ó I ² ¯ ¢ Å • ˜ œ -% Q K d þ ¢ Å ± ² ù Q ± f õ q = e 4 \ Ë , q ± Ù , Ç õ ¢ Ì A Ë K è À S K d (¯ G … ‹ 1 h * Æ f

2.4 ô 6 A ? €ƒ•

J 8 e @ Ò ¿ £ ê ˜ ± € ƒ •

An item of property, plant and equipment including any significant part initially recognised is derecognised upon disposal or when no future economic benefits are expected from its use or disposal. Any gain or loss on disposal or retirement recognised in profit or loss in the period the asset is derecognised is the difference between the net sales proceeds and the carrying amount of the relevant asset.

‹ • ½ © Y J 8 e @ Ò ¿ £ ê ° f < ,
Å ± õ / Û Ð õ k , 4 \ Ð / ” 6
* [J 8 ¾ ö ; B Û ^ ß ½ © f õ ^ ß ½ ©
* Y , œ ¯ & B « ½ © Y , / Ð ;
; B Ð f & d ‰ Þ ë * V / Ô { › ° X
~ I * & = Y ¨ X f

Construction in progress represents buildings and other assets under construction, which is stated at cost less any impairment losses, and is not depreciated. Cost represents the direct costs of construction and capitalised borrowing costs on related borrowed funds during the period of construction. Construction in progress is reclassified to the appropriate category of property, plant and equipment when completed and ready for use.

¯ ˆ û 8 ˆ û ¯ † • Y } Á ¿ I
ü * d (2 Ó I ¯ , ¯ = f &] * d
(” 6 ± f Ó I 8 , œ * [Y \ Ÿ
Ó I ¿ Þ ë > r – Y I · > r Ó I f
¯ ˆ û õ ˆ û • Ó (ê \ Û d Z - å
] J 8 e @ Ò ¿ £ ê Y G ... ó 9 f

INVESTMENT PROPERTIES

Investment properties are interests in land and buildings (including the leasehold interest under an operating lease for a property which would otherwise meet the definition of an investment property) held to earn rental income and/or for capital appreciation, rather than for use in the production or supply of goods or services or for administrative purposes; or for sale in the ordinary course of business. These include land held for a currently undetermined future use and property that is being constructed or developed for future use as investment property. Such properties are measured initially at cost, including transaction costs. Subsequent to initial recognition, investment properties are stated at fair value, which reflects market conditions at the end of the reporting period.

³ J 8
³ J 8 W 5 * ƒ _ a – ×] ¿ J Ð *
I # = ˜ z ® ¿ } Á Æ B€ < • L ¥ ³

Gains or losses arising from changes in the fair values of investment properties are included in profit or loss in the year in which they arise.

Any gains or losses on the retirement or disposal of an investment property are recognised in profit or loss in the year of the retirement or disposal.

2.4 ô 6 A ? € ƒ •

Intangible assets acquired separately are measured on initial recognition at cost. The cost of intangible assets acquired in a business combination is the fair value as at the date of acquisition. The useful lives of intangible assets are assessed to be either finite or indefinite. Intangible assets with finite lives are subsequently amortised over the useful economic life and assessed for impairment whenever there is an indication that the intangible asset may be impaired. The amortisation period and the amortisation method for an intangible asset with a finite useful life are reviewed at least at each financial year end.

Ì – ‰€ ‘ ð . •
H 9 × ... Y Ì – * õ ‹ • ½ © Û 2 Ó I
Ž f õ 8 ¥ ; • × ... Ì – * Y Ó I W ‰
× ... ... Ú Y ® ª = f Ì – * Y 4 \ Ë
, Y ‰ Þ " Ð Ì " f Ë , Þ " Y Ì – *
‡ õ 4 \ ¾ ö ª v « Å V d (õ Þ & e
j Ì – * • $ ¯ = Û * ¯ = Y f
4 \ Ë , Þ " Y Ì – * Y Å V Ë , ¿ Å
V Ù , Ç õ ¢ Ì A Ë K è À S ã f

Computer software
Computer software is stated at cost less any impairment losses and is amortised on the straight-line basis over its estimated useful life of five years.

e Ø ´ •
e Ø ´ • ø Ó I ¯ , ¯ = f & • * d (ø
\ Þ , 2 I 4 \ Ë ,5 Ë Å V f

Research and development costs
All research costs are charged to profit or loss as incurred.

¼ ï Ó I
Œ Å ¼ ú Ó I õ * [Û õ & B « Ô ð f

Expenditure incurred on projects to develop new products is capitalised and deferred only when the Group can demonstrate the technical feasibility of completing the intangible asset so that it will be available for use or sale, its intention to complete and its ability to use or sell the asset, how the asset will generate future economic benefits, the availability of resources to complete the project and the ability to measure reliably the expenditure during the development. Product development expenditure which does not meet these criteria is expensed when incurred.

š ï - * Ü ° f Ô * [Y š Õ Ã õ I « •
D Ç ü – Ó Ì – * ø ç I Z 6 4 \ Ð
/ Y ¦ ” Ì e I – Ó * Y ç ¿ 4 \
Ð / * Y • b e * Z ½ * [J 8
¾ ö ; B e • Ó ° f Y U { Ì d ø ¿
f Ž õ š ï , œ Y š Õ Y • b Û Ù 6 —
I · ¿ È · f ” L ¥ z _ Y * Ü š ï š
Õ õ * [Û • * ‰ Õ f

Deferred development costs are stated at cost less accumulated amortisation and accumulated impairment losses (if any), on the same basis as intangible assets that are acquired separately.

È · š ï Ó I 2 k ~ H 9 × ... Y Ì – * ´
• Y ? _ d 2 Ó I ¯] Å V ¿] ¯ = f
& € ½ Þ ▪ * f

Patents and proprietary technologies
Purchased patents and proprietary technologies acquired are stated at cost less any impairment losses and are amortised on the straight-line basis over their estimated useful lives.

Y ; ¿ Y Þ ¦ ”
Š × ... ˜ Y ; ¿ Y Þ ¦ ” ø Ó I ¯ , ¯ =
f & • * d (ø \ Þ , 2 I 4 \ Ë ,
Å V f

Brand name and operating concession rights

Brand name and operating concession rights with indefinite useful lives acquired are stated at cost less any impairment losses and are not amortised. The useful life of such an asset should be reviewed at the end of each reporting period to determine whether events and circumstances continue to support an indefinite useful life assessment for that asset. If they do not, the change in the useful life assessment from indefinite to finite should be accounted for as a change in an accounting estimate.

Ì – ‰€ ‘ð.€ƒ•
î¿$¢¾ Æ
×...YÌ" 4\Ë,Y î¿$¢¾ Æ
2ÓI¯, ¯=f&•*dòZ”šÅ
Vf *Y 4\Ë,²õ¢ S,J2
adø>›+•¿‹1•I1ƒÕ5 *
YÌ" 4\Ë,Y fJ”1ƒÕ5dÆ
4\Ë,Y _Ì"»·‰Þ"W26
•*f

The Group is required to test an intangible asset with an indefinite useful life for impairment by comparing its recoverable amount with its carrying amount (a) annually, and (b) whenever there is an indication that the intangible asset may be impaired.

(a)Ê Ë¿(b)” JI $Ì– * •¯
=Y&edI« ²ÁÌ" 4\Ë,YÌ
– *† ¯=» dÙ,‰â0I ×«
–X~*&=f

LEASES

Finance leases

Leases that transfer substantially all the rewards and risks of ownership of assets to the Group, other than legal title, are accounted for as finance leases. At the inception of a finance lease, the cost of the leased asset is capitalised at the present value of the minimum lease payments and recorded together with the obligation, excluding the interest element, to reflect the purchase and financing. Assets held under capitalised finance leases, including prepaid land lease payments under finance leases, are included in property, plant and equipment, and depreciated over the shorter of the lease terms and the estimated useful lives of the assets. The finance costs of such leases are charged to profit or loss so as to provide a constant periodic rate of charge over the lease terms.

a#
Da#
mZ *¹ÞÆ€,›8Æð.•Y}Å±«
~,^7+ I« Ya#i•‰Da
#fõDa#[ÖÛda# *˜ÓIW
2ð-a–$=a Id(¹•À€”
<;¹Å±•S;]*døÀH...o¿D
K1fì½ I·Da#5ÞY *
€ <Da#˜kùz®a#›•W]J
8e@Ò¿£êd(2a,~ *Y
\Ë,Gk•Y0õk Q± fa#
YD ÓIW¯&B«Ôðdøõa,«*
›,›XÔ¯f

Assets acquired through hire purchase contracts of a financing nature are accounted for as finance leases, but are depreciated over their estimated useful lives.

À@D Ì/Ya...¥Ò×...Y *W•‰
Da#d(õI \Ë,«± f

When the Group is a lessor under finance leases, an amount representing the minimum lease payment receivables and initial direct costs is included in the consolidated statement of financial position as loan receivables. Any unguaranteed residual value is also recognised at the inception of the lease. The difference between the sum of the minimum lease payment receivables, initial direct costs, the unguaranteed residual value and their present value is recognised as unearned finance income. Unearned finance income is recognised over the period of the lease using the effective interest rate method.

JI« ‰Da#Y a[dÆ~Ð×ð
-a–›°¿‹•\ŸÓI =Y›°Wõ
]¥Ì K1Œ«•*Ð×>›fõa#[
ÖÛu6½©JÄ-õq =fÐ×ð-
a–›°e‹•\ŸÓI¿JÄ-õq =
~I$=˜œY¨XW½©‰J¼$D ×
BfJ¼$D ×BWõa#,«4\¼ç
; ,½©f

Operating leases
Leases where substantially all the rewards and risks of ownership of assets remain with the lessor are accounted for

2.4 ô 6 A ? € ƒ •

– D ˆ H€ ƒ •
– D *
– D * å ó ‰ ø h H ó 9 d ø ® ª =] & B ˜ – D * e 5 Þ Q , ³ e r › ¿ Ð × › ° ¿ 6 / – D * f õ ‹ • ½ © Û d V ÷ – D * ˜ Ì / ¿ I f Y þ ± ó f Ô Þ ø Ú l o - ˜ – D * d i 2 t ø Ú ? _ † ½ © ¿ ^ ß ½ © f Ú l o - W 8 4

Ö

Financial assets
Financial assets are classified into the following specified categories: financial assets at fair value through profit or loss, held-to-maturity investments, loans and receivables and available-for-sale financial assets. The classification depends on the nature and purpose of the financial assets and is determined at the time of initial recognition. All regular way purchases or sales of financial assets are recognised and derecognised on a trade date basis. Regular way purchases or sales are purchases or sales of financial assets that require delivery of assets within the time frame established by regulation or convention in the marketplace.

Financial assets at fair value through profit or loss
Financial assets are classified as financial assets at fair value through profit or loss when the financial assets are either held for trading or designated as at fair value through profit or loss upon initial recognition.

A financial asset is classified as held for trading if:

- it has been acquired principally for the purpose of selling it in the near term;
- on initial recognition it is part of a portfolio of identified financial instruments that the Group manages together and has a recent actual pattern of short-term profit-taking; or
- it is a derivative that is not designated and effective as a hedging instrument.

Financial assets (Continued)
Financial assets at fair value through profit or loss (Continued)
A financial asset other than a financial asset held ft0 adingS
niaia3.2 (o)oniniiciaa3.2 (o)0.5liinbliinino bnhnohncoa3.2 (r)0.5mnnngoda3.2 (

– D ˆ H€ ƒ •

Financial assets (Continued)

– D ‰€ ƒ •

Loans and receivables

r › ¿ Ð × › °

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. Loans and receivables are measured at amortised cost using the effective interest method, less any impairment losses.

r › ¿ Ð × › ° ‰ Þ x › Ð ½ › ù › X d (¯ z ” 9 • (Ì ˜ ¢ [– D * f r › ¿ Ð × › ° ø ¼ ç ; , 2 Å V Ó I ¯ , ¯ = f & Ž f

Interest income is recognised by applying the effective interest rate, except for short-term receivables where the recognition of interest would be immaterial.

; ¹ × B 4 \ ¼ ç ; , ½ © d “ õ , Ð × › ° ð . d ª I ½ © ˜ ; ¹ (” } f

Available-for-sale financial assets

*6 / – D **

Available-for-sale financial assets are non-derivative financial assets that are either designated as available-for-sale or are not classified as (a) financial assets at fair value through profit or loss, (b) held-to-maturity investments or (c) loans and receivables.

6 / – D * ‰ 8 › ‰ 6 / Ð J ± ó ‰(a) 2 ® ª =] & B ˜ – D * i (b) 5 Þ Q , ³ i Ð(c) r › ¿ Ð × › ° ˜ ¢ [– D * f

Equity and debt securities held by the Group that are classified as available-for-sale financial assets and are traded in an active market are measured at fair value at the end of each reporting period. Changes in the carrying amount of available-for-sale monetary financial assets relating to interest income calculated using the effective interest method and dividends on available-for-sale equity investments are recognised in profit or loss. Other changes in the carrying amount of available-for-sale financial assets are recognised in other comprehensive income and accumulated under the heading of available-for-sale investment revaluation reserve. When the investment is disposed of or is determined to be impaired, the cumulative gain or loss previously accumulated in the available-for-sale investment revaluation reserve is reclassified to profit or loss.

I « Ô 5 Þ ˜ — ± ó ‰ 6 / – D * ¿ õ z ” 9 j t ø ˜ Æ B ¿ À Ç N õ ¢ S , K 2 ® ª = Ž f 6 / ¬ Æ – D * ® \ ¼ ç ; , Q ˜ ; ¹ × B ¿ 6 / p Æ ³ ˜ p ¹ ¬ ç Y * & = ˜ i õ & B • ½ © f 6 / – D * * & = ˜ I ü W õ I ü Œ & × B • ½ © d ( ] õ 6 / ³ · ê ° h f ... ³ — / Ð — > › $ ¯ = Û d ‹ Ã] õ 6 / ³ · ê • ˜] × B Ð f & W - ± ó & B f

Dividends on available-for-sale equity investments are recognised in profit or loss when the Group’s right to receive the dividends is established.

6 / p Æ ³ ˜ p ¹ ¯ I « × _ p ¹ Y Æ ; ½ m Û õ & B • ½ © f

2.4 ô 6 A ? € ƒ •

Financial assets (Continued)
Available-for-sale financial assets (Continued)
The fair value of available-for-sale monetary financial assets denominated in a foreign currency is determined in that foreign currency and translated at the spot rate prevailing at the end of the reporting period. The foreign exchange gains and losses that are recognised in profit or loss are determined based on the amortised cost of the monetary assets. Other foreign exchange gains and losses are recognised in other comprehensive income.

– D ˆ H € ƒ •
– D ‰ € ƒ •
6 / – D ‰ € ƒ •
ø . Æ = ˜ 6 / ¬ Æ – D * ˜ ® ª
= õ S , K ø . Æ > › (ø $ Ò
l Q f õ & B « ½ © ˜ . Ò ® f 2 ¬ Æ *
˜ Å V Ó l > › f l ü . Ò ® f õ l ü Œ &
× B « ½ © f

Available-for-sale equity investments that do not have a quoted market price in an active market and whose fair value cannot be reliably measured and derivatives that are linked to and must be settled by delivery of such unquoted equity investments are measured at cost less any identified impairment losses at the end of each reporting period.

õ z ” 9 (Ì 9 þ ò í ø f Q
® ª = ˜ 6 / p Æ ³ d ¿ ~ y
ö p Æ ³ ¨ S (² ø t ù ä p Æ ³
* Q ˜ [ˆ H d õ ¢ S , K ø Ó l
Ô ð , Š Æ 9 ¯ = f & • * f

Impairment of financial assets
The Group assesses at the end of each reporting period whether there is objective evidence that a financial asset or a group of financial assets is impaired. An impairment exists if one or more events that occurred after the initial recognition of the asset have an impact on the estimated future cash flows of the financial asset or the group of financial assets that can be reliably estimated. Evidence of impairment may include indications that a debtor or a group of debtors is experiencing significant financial difficulty, default or delinquency in interest or principal payments, the probability that they will enter bankruptcy or other financial reorganisation and observable data indicating that there is a measurable decrease in the estimated future cash flows, such as changes in arrears or economic conditions that correlate with defaults.

– D * ¯ =
l « õ ¢ S , K Y Þ l H8q e j
S ° Ð S \ – D * $ ¯ = f J õ ‹ • ½
© * ï [Y S ° Ð µ ° + • Á ° Ð
\ – D * Y J 8 $ – t Ž ¿ Ó B ¤ d
þ B ¤ • D f ® d Æ ° Ð \ –
D * $ ¯ = f ¯ = & e • < S ¤ À
[Ð S \ À [M ¯ ¾ Ý } Ì b í e
î Þ ; ¹ Ð l – e • N * Ð † l ü Ì
\ d ø ¿ Þ ü p ½ j J 8 $ – t
Ž $ Ž Y ¯ Ç d 7 ½ Þ › p f Ð
~ < Ò ´ ë Y ¾ ö K 1 f

Impairment of financial assets (Continued)
Financial assets carried at amortised cost
For financial assets carried at amortised cost, the Group first assesses whether impairment exists individually for financial assets that are individually significant, or collectively for financial assets that are not individually significant. If the Group determines that no objective evidence of impairment exists for an individually assessed financial asset, whether significant or not, it includes the asset in a group of financial assets with similar credit risk characteristics and collectively assesses them for impairment. Assets that are individually assessed for impairment and for which an impairment loss is, or continues to be, recognised are not included in a collective assessment of impairment.

– D ˆ H€ ƒ •
– D *€ ƒ •
*2 Å V Ó I • * Y – D *
Þ ë 2 Å V Ó I • * Y – D * d I « /
‹ ù m Y ° } Y – D * Þ I ¯ = &
e d Ð • • Y ¢ ° } Y – D * Þ I
H ¯ = & e f J I « > › H 9 Š Y –
D * ‰ (Ì H ¯ = & e d Æ Þ ë * ”
J I } d 6] S \ Þ ´ ' ¦ r , ˆ $
D Y – D * d • • * ¯ = Y f Á õ H 9
* ¯ = Y Y * d J I ½ © Ð 5 ƒ ½ © ¯
= f & d Æ ” 6] • • ¯ = Y f

The amount of any impairment loss identified is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows (excluding future credit losses that have not yet been incurred). The present value of the estimated future cash flows is discounted at the financial asset's original effective interest rate.

, Š Æ 9 Y ¯ = f & 2 * * & = ~
J 8 $ – t Ž€ ” < J * [Y J 8 ¦ r
f & •Y $ = ~ ¨ X Ž f J 8 $ – t
Ž Y $ = 6 2 – D * Y a ¼ ç ; ± + f

The carrying amount of the asset is reduced through the use of an allowance account and the loss is recognised in profit or loss. Interest income continues to be accrued on the reduced carrying amount and is accrued using the rate of interest used to discount the future cash flows for the purpose of measuring the impairment loss. Loans and receivables together with any associated allowance are written off when there is no realistic prospect of future recovery and all collateral has been realised or has been transferred to the Group.

* * & = 6 À @ a ê * Ô ¯ d f & – X õ
& B « ½ © f ‰ Q ¯ = f & d ; ¹ × B 6
1 ƒ ø ¯ Ç Y * & = ¿ \ ø ± + J 8 $ – t
Ž Y ;] f ½ r › ¿ Ð × › ° k , ” }
• × « d þ Ô Þ ê å Ü Š $ Ð Š 7 + š
I « d Æ 6 Û V r › ¿ Ð × › ° ¹ • ´
ë a ê f

If, in a subsequent period, the amount of the estimated impairment loss increases or decreases because of an event occurring after the impairment was recognised, the previously recognised impairment loss is increased or reduced by adjusting the allowance account. If a write-off is later recovered, the recovery is credited to profit or loss.

J ¯ I , œ d ¯ = f & ª ¯ = ½ ©
ï [Y + • þ # Ð ¯ Ç d @ » ½ © Y ¯ =
f & 6 ª Æ a ê * þ # ¯ f J Û V Y › °
× « d Æ × « Y › ° 6] & B « f

2.4 ô 6 A ? € *f* •

Impairment of financial assets (Continued)
Financial assets carried at cost
For financial assets carried at cost, the amount of the impairment loss is measured as the difference between the asset's carrying amount and the present value of the estimated future cash flows discounted at the current market rate of return for a similar financial asset. Such impairment loss will not be reversed in subsequent periods.

– D ˆ H€ *f* •
– D ‰€ *f* •
*2 Ó I = ˜ – D **
1 2 Ó I = ˜ – D * d ¯ = f & ˜ – X
2 * * & = ~ I ó ' ˜ – D * 2 $ 9
« ± + ˜ J 8 $ – t Ž $ = ¨ X
Ž f Þ ë ¯ = f & Z ” 6 õ » , œ a
« f

Available-for-sale financial assets
For available-for-sale financial assets, the Group assesses at the end of each reporting period whether there is objective evidence that a financial asset or a group of financial assets is impaired.

*6 / – D **
Á õ 6 / – D * þ d I « õ ¢
S , K Y J I Þ H Ç ½ j S ° – D
* Ð S \ – D * $ ¯ = f

If an available-for-sale financial asset is impaired, an amount comprising the difference between its cost (net of any principal payment and amortisation) and its current fair value, less any impairment loss previously recognised in profit or loss, is removed from other comprehensive income and recognised in profit or loss.

J S ° 6 / – D * $ ¯ = d I Ó I
=€ Ô ð , I – ù › ¿ Å V •~ I $ Û ® ª
= ˜ ¨ X ¯ ‹ Ã õ & B « ½ © ˜ , ¯ =
f & ˜ – X d 6 } I ü Œ & × B • \ ð d (
õ & B « ½ © f

In the case of equity investments classified as available-for-sale, objective evidence would include a significant or prolonged decline in the fair value of an investment below its cost. "Significant" is evaluated against the original cost of the investment and "prolonged" against the period in which the fair value has been below its original cost. Where there is evidence of impairment, the cumulative loss – measured as the difference between the acquisition cost and the current fair value, less any impairment loss on that investment previously recognised in profit or loss – is removed from other comprehensive income and recognised in profit or loss. Impairment losses on equity instruments classified as available-for-sale are not reversed through profit or loss. Increases in their fair value after impairment are recognised directly in other comprehensive income.

J n ± ó ‰ 6 / p Æ ³ d Æ H Ç ½
< S ° ³ ˜ ® ª = } 7 Ð — , %
- õ I Ó I = f } 7 ™J ´ Á õ ‹ • ³
Ó I * Y d þ˜ — , ™Æ J Y ® ª = -
õ ‹ • Ó I ˜ , œ f J $ ¯ = Ç ½ d]
f &€ 2 × … Ó I ~ … Ã ® ª = ˜ ¨ X ¯
° ³ ‹ Ã õ & B « ½ © ˜ , ¯ = f &
Ž •Z } I ü Œ & × B • \ ð d (õ & B
« ½ © f ± ó ‰ 6 / ˜ p Æ ˆ H ˜ ¯ =
f & ” À @ & B a « d þ I ¯ = # Y
® ª = 6 \ Ÿ õ I ü Œ & × B • ½ © f

Impairment of financial assets (Continued)
Available-for-sale financial assets (Continued)
The determination of what is “significant” or “prolonged” requires judgement. In making this judgement, the Group evaluates, among other factors, the duration or extent to which the fair value of an investment is less than its cost.

In the case of debt instruments classified as available-for-sale, impairment is assessed based on the same criteria as financial assets carried at amortededonodri tms 14.5(a)0.5(t)14.4(a)5(u(r)0.5(m)0.5(51nt)14.2(to)32.2( ).09]TJ 0.028

2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

FINANCIAL INSTRUMENTS (Continued)
Financi/liabilities
Financi/liabilities are classified as either financi/liabilities at fair value through profit or loss or other financi/liabilities.

Financi/liabilities at fair value through profit or loss
Financii /liabilities/are/classified/as/financii /liabilities/at/fair/ value/through/profit/or/loss/when/the/financii /liabilities/are/ either held for trading or they are designated as at fair value through profit or loss upon initii /Gecognition.

A financii /liability is classified as held for trading if:

- it has been incurred principally for the purpose of/ repurchasing it in the near term;
- on initii /Gecognition it is part of a portfolio of identified financii /instruments/that/the/Group/manages/together/ and has a Gecent ac ri pattern of short-term profit-taking; or
- it/is/a/derivative that is/not designated/and/effective/as/a hedging instrument.

A/financial liability/other/than a financial liability held for/trading may be designated as at fair value through profit or loss upon initii /Gecognition if:

-

Financial liabilities (Continued)
Financial liabilities at fair value through profit or loss (Continued)

2.4 ô 6 A ? € ƒ •

Derecognition

The Group derecognises a financial asset only when the contractual rights to the cash flows from the asset expire, or when it transfers the financial asset and substantially all the risks and rewards of ownership of the asset to another entity. If the Group neither transfers nor retains substantially all the risks and rewards of ownership and continues to control the transferred asset, the Group continues to recognise the asset to the extent of its continuing involvement and recognises an associated liability. If the Group retains substantially all the risks and rewards of ownership of a transferred financial asset, the Group continues to recognise the financial asset and also recognises a collateralised borrowing for the proceeds received.

– D ˆ H€ ƒ •
^ ß ½ ©
% Þ … × _ * $ – t Ž ˜ ¥ Ò Æ ; £
Û d Ð Z l – D * ¿ * ¹ Þ Æ ˜
} Å ± , ˆ ¿ « 7 E š $ S ¼ Û d l «
Ù 6 ^ ß ½ © – D * f J l « (J 7
E u Ì - 5 ¹ Þ Æ ˜ } Å ± , ˆ ¿ « d
(1 ƒ › S Š 7 E * d Æ l « 1 ƒ 2 5
ƒ ~ ˜ 7 Z * ½ ©] * (½ © ´ ë
À f J l « ¥ - 5 Š 7 E – D * ¹ Þ Æ
˜ } Å ± , ˆ ¿ « d l « Z 1 ƒ ½ ©
– D * ø ¿ ½ © Š × Ô { › ° ˜ Þ ê å
> r f

On derecognition of a financial asset in its entirety, the difference between the asset's carrying amount and the sum of the consideration received and receivable and the cumulative gain or loss that had been recognised in other comprehensive income and accumulated in equity is recognised in profit or loss.

õ ^ ß ½ © Œ Å – D * Û d ° * * &
= ~ Š × ¿ Ð × þ ¿ õ l ü Œ & × B ½ ©
(õ Æ B] ˜ ® f < p œ ˜ ¨ X 6 õ & B
½ © f

On derecognition of a financial asset other than in its entirety, the Group allocates the previous carrying amount of the financial asset between the part it continues to recognise, and the part it no longer recognises on the basis of the relative fair values of those parts on the date of the transfer. The difference between the carrying amount allocated to the part that is no longer recognised and the sum of the consideration received for the part no longer recognised and any cumulative gain or loss allocated to it that had been recognised in other comprehensive income is recognised in profit or loss. A cumulative gain or loss that had been recognised in other comprehensive income is allocated between the part that continues to be recognised and the part that is no longer recognised on the basis of the relative fair values of those parts.

ð Œ & ^ ß ½ © . d õ ^ ß ½ © – D *
Û d l « Z – D * ˜ @ » * & = ¯ l ¥
½ © ‰ 1 ƒ ~ ˜ Å ± ¿ ” Ž ½ © ˜ Å ± ˜
œ d 2 k G k õ 7 + Ú , ˜ ´ Á ® ª =
* ± ã f ” Ž ½ © Å ± ± ã ˜ * & = ~
Å ± Š × þ ¿ l Š õ l ü Œ & × B ½ ©
± ã ˜ ,] ; B Ð f & < q ˜ œ ¨
X d W õ & B « ½ © f Š õ l ü Œ & × B ½
© ˜] ; B Ð f & W 2 1 ƒ ½ © Å ± ¿ ”
Ž ½ © Å ± ˜ ´ Á ® ª = ¯ G k œ *
± ã f

The Group derecognises financial liabilities when, and only when, the Group's obligations are discharged, cancelled or they expire. The difference between the carrying amount of the financial liability derecognised and the consideration paid and payable is recognised in profit or loss.

… ò Ã … l « Y – D À ˜ ª , ð e
_ Ð , Û d l « 6 ^ ß ½ © f — ^ ß
½ © ˜ – D À Y * & = ~ Š ù ¿ Ð ù þ
œ ˜ ¨ X õ & B ½ © f

Offsetting of financial instruments
Financial assets and financial liabilities are offset and the net amount reported in the consolidated statement of financial position if there is a currently enforceable legal right to offset the recognised amounts and there is an intention to settle on a net basis, or to realise the assets and settle the liabilities simultaneously.

INVENTORIES
Inventories are stated at the lower of cost and net realisable value.

Manufacturing and trading
Cost is determined on the weighted average basis and, in the case of work in progress and finished goods, comprises direct materials, direct labour and an appropriate proportion of overheads. Net realisable value is based on estimated selling prices less any estimated costs to be incurred to completion and disposal.

Property development
Cost comprises land costs, construction costs, borrowing costs, professional fees and other costs directly attributable to such properties incurred during the development period.

CASH AND CASH EQUIVALENTS
Cash and cash equivalents comprise cash on hand and demand deposits, and short-term highly liquid investments that are readily convertible into known amounts of cash, are subject to an insignificant risk of changes in value, and

2.4 ô 6 A ? €ƒ•

Ô{ü€ƒ•
·ü° *W1ÔÞ ÔürÛ¨XeJ
\ü°ê5q, J \ü°f&Y 7þ
½©fJÚ •ÞÐ üP; 6êV
ÔürÛ¨XeJ \ü°ê5qJ \
ü°f&Y 7dÆ6½©È·ü° *d
“h•‹1ð.j

Deferred tax assets are recognised for all deductible temporary differences, the carryforward of unused tax credits and any unused tax losses. Deferred tax assets are recognised to the extent that it is probable that taxable profit will be available against which the deductible temporary differences, the carryforward of unused tax credits and unused tax losses can be utilised, except:

- when the deferred tax asset relating to the deductible temporary differences arises from the initial recognition of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss; and

- in respect of deductible temporary differences associated with investments in subsidiaries, joint ventures and associates, deferred tax assets are only recognised to the extent that it is probable that the temporary differences will reverse in the foreseeable future and taxable profit will be available against which the temporary differences can be utilised.

¯tøÛ”B¤6 P;ÐÐüP
;Ðf&Y¢8 ¥;tø•d‹•
½© *Ð ÀÛ*[~ ÔðrÛ
¨XÞëYÈ·ü° *i¿

- '₱✕ ▯▯▯

2.4 ô 6 A ? € ƒ •

Government grants are recognised at their fair value where there is reasonable assurance that the grant will be received and all attaching conditions will be complied with. When the grant relates to an expense item, it is recognised as income on a systematic basis over the period that the costs, which it is intended to compensate, are expensed. Where the grant relates to an asset, the fair value is credited to a deferred income account and is released to profit or loss over the expected useful life of the relevant asset by equal annual instalments.

A ´ þ ?
A ´ þ ? õ ¥ # ½ › Z × _ þ ? (ò L
¥ Ô Þ • m â • Û d 2 ® ª = ½ ©] * f
° þ ? ½ ~ š Õ ° f Þ ë d Æ õ ° þ ?
Ý þ h Y Ó I š V , œ Þ û U ® ½ © ‰ ×
B f ° þ ? ½ ~ * Þ ë d Æ 2 ® ª =
] È · × B * ° d Ž õ Þ ë * Y k
4 \ Ë , « 2 X Ê Ë ± ,] & B « f

REVENUE RECOGNITION

Revenue is recognised when it is probable that the economic benefits will flow to the Group and when the revenue can be measured reliably, on the following bases:

×] ½ ©
×] 6 õ I « • { Þ ë ¾ ö ; B ò ×
] • f ® Ž Û d 2 ø h ? _ ½ © j

(a) revenue from the sale of goods, when the significant risks and rewards of ownership have been transferred to the buyer, provided that the Group maintains neither managerial involvement to the degree usually associated with ownership, nor effective control over the goods sold;

(a) V / ¬ Ü Y ×] õ ¹ Þ Æ Y } Å ± , ˆ ¿ « 7 E o Ù Û d þ I « ” Ž - 5 ~ Ô / ¬ Ü ¹ Þ Æ ´ ë Y M # Æ ¿ ¼ ç › S Æ Û ½ © i

(b) contract revenue from the renovation and installation work on the percentage of completion basis, as further explained in the accounting policy “Construction contracts” below;

(b) 8 L ¿ Ä ˆ û ¥ Ò Y ×] 2 • Ó õ ± â ? _ ½ © d ‹ õ h Ö 6 A ˜ ˆ û ¥ Ò ™ « U Q i

(c) income from financial service includes handling fee income from factoring services and supply-chain financing services, finance lease income and related interest income:

(c) 8 – D Y × B < - # e 6 Ð á D Ô { ˜ Ó ƒ I × B e D a # × B ¿ ´ ë ; ¹ × B j

(i) handling fee income from factoring services and supply-chain financing services, when the relevant services have been rendered;

(i) 8 Þ ë - # ¿ 6 Ð á D Ô { ˜ Ó ƒ I × B d õ d 6 ´ ë Û ½ © i

(ii) finance lease income, over the period of lease, as further explained in the accounting policy “Leases” above;

(ii) D a # × B õ a # , « ½ © d ‹ õ j Ö 6 A ˜ a # ™ « U Q i

(iii) interest income, on an accrual basis using the effective interest method as explained in note (f).

(iii) ; ¹ × B ø Ð ? _ \ ¼ ç ; ,] * d ‹ õ • W(f) « U Q f

(d) income from environmental engineering and related services includes environmental construction work, sewage treatment and related services:

(i) contract revenue from environmental construction on the percentage of completion basis, as further explained in the accounting policy “Construction contracts” below;

(ii) income from sewage, hazardous wastes treatment and related environmental protection services, when the relevant services have been rendered.

(e) rental income, on a time proportion basis over the lease terms;

(f) interest income, on an accrual basis using the effective interest method by applying the rate that exactly discounts the estimated future cash receipts over the expected life of the financial instrument or a shorter period, when appropriate, to the net carrying amount of the financial asset; and

(g) dividend income, when the shareholders’ right to receive payment has been established.

CONSTRUCTION CONTRACTS

Contract revenue comprises the agreed contract amount and appropriate amounts from variation orders, claims and incentive payments. Contract costs incurred comprise direct materials, the costs of subcontracting, direct labour and an appropriate proportion of variable and fixed construction overheads.

When the outcome of a construction contract can be estimated reliably, contract revenue from a fixed price construction contract is recognised using the percentage of completion method, measured by reference to the proportion of contract costs incurred for work performed to date relative to the estimated total cost of the relevant contract, except where this would not be representative of the stage of completion. Variations in contract work, claims and incentive payments are included to the extent that the amount can be measured reliably and its receipt is considered probable.

Where the outcome of a construction contract cannot be estimated reliably, contract revenue is recognised to the extent of contract costs incurred that is probably recoverable. Contract costs are recognised as expenses in the period in which they are incurred.

×] ½ ©€ ƒ •

(d) 8 ¤ ˆ û ¿ ´ ë × B < ¤ ˆ û £ e î å ˆ # ¿ ´ ë Y × B j

(i) ¤ ˆ û £ ¥ Ò ×] 2 • Ó õ ± â ? _ ½ © d ‹ õ h Ö 6 A ˜ ˆ û ¥ Ò ™« U Q i

(ii) î å e š ˆ ; Ü ˆ # ¿ ´ ë - × B 6 õ ´ ë d 6 Û ½ © f

(e) a – × B 2 a , Y Û œ â 7] * i

(f) ; ¹ × B ø Ð ? _ \ ¼ ç ; ,] * d Ô ® \ ; õ – D ˆ H Y \ Ë ‚€ Ð 0 õ , œ€ ½ G \ •Z J 8 $ – ×] _ ½ ± $ – D * Y * & = i ¿

(g) p ¹ × B õ p Þ Æ × _ › ° Û] * f

ˆ û ¥ Ò ¥ Ò ×] < X › ¥ Ò – X ¿ 8 L ¥ Ò e a p ¿ ¤ – ˜ G ... – X f Š * [¥ Ò Ó I < \ Ÿ J Ø e ± Ó I e \ Ÿ ö ˆ ø ¿ ¿ x › ˆ û œ Ÿ Ó I Y Ð & Å ± f

J ˆ û ¥ Ò Y • f ® Ž d 8 x › ø ˆ û ¥ Ò Y ¥ Ò ×] 4 \ • Ó õ ± â Ù Ì ½ © d W ¾ ý ˆ û ¦ Š * [¥ Ò Ó I Á Þ ë ¥ Ò < Ó I Y â 7 Ž d “ ä (” þ Œ ˆ û • Ó I Û ð . f ¥ Ò ˆ û Y » e a p ¿ ¤ – % 6 ¯ – X • D f ® Ž ¿ © ‰ • × _ – X Y ‹ 1 h Ù 6] * f

J ˆ û ¥ Ò Y ” • f ® Ž d ¥ Ò ×] Ã ø • × « Y Š * [¥ Ò Ó I Å ± ½ © f ¥ Ò Ó I õ * [, œ ½ © ‰ š Õ f

2.4 ô 6 A ? € ƒ •

When it is probable that total contract costs will exceed total contract revenue, the expected loss is recognised as an expense immediately.

ˆ û ¥ Ò € ƒ •
… < ¥ Ò Ó I • t < ¥ Ò ×] Û d Æ
k , f & Z m C ½ © ‰ š Õ f

Where contract costs incurred to date plus recognised profits less recognised losses exceed progress billings, the surplus is treated as amounts due from customers for contract work. Where progress billings exceed contract costs incurred to date plus recognised profits less recognised losses, the surplus is treated as amounts due to customers for contract work.

J ¦ Š * [Y ¥ Ò Ó I Š ½ © P ; ¯ Š
½ © f & t @ † › ° d Þ ë ® q Z V ‰ Ð
× Ò Y ¥ Ò ˆ û › ° f J † › ° t @
¦ Š * [¥ Ò Ó I Š ½ © P ; ¯ Š ½ © f
& d Þ ë ® q Z V ‰ Ð ù Ò Y ¥ Ò ˆ û ›
° f

EMPLOYEE BENEFITS

Pension schemes

In accordance with the relevant laws and regulations, the Group's employees participate in various defined contribution plans and state-management retirement benefit plans in the countries in which the Group operates. Payments to these plans, where the Group's obligations under them are equivalent to a defined contribution plan, are recognised as an expense when employees have rendered service entitling them to the contributions.

‡ p E ;
× ~ – Œ
I « ì ½ ´ ë , ¿ , • ‰ I « ¾ Ô
¯ 7 • Y ‡ p ¢ G ¢ › 6 › Œ ¿ 7 •
M # × ~ E ; Œ f I « õ Œ h Ô
Õ Ä ˜ ª , ~ ¢ › 6 › Œ ´ d ò š
Œ Y 6 › õ ‡ p d 6 Þ Æ { 6 › Y
Û ½ © ‰ š Õ f

Share option scheme

The fair value of the employee services received in exchange for the grant of options is recognised as an expense and credited to share option reserve under equity. For grant of share options, the total amount to be expensed over the vesting period is determined by reference to the fair value of the options at the date on which they are granted by using a binomial model, excluding the impact of any service condition and non-market vesting conditions. Non-market vesting conditions are included in assumptions about the number of options that are expected to become vested.

… p Æ Œ
¬ … p Æ ø I _ ‡ p Y ® ª = ½ ©
‰ š Õ ¿ r] Æ B ° h S ° … p Æ · ê • f
1 ¬ … p Æ þ d õ å n , Z š • Õ Y <
X J ¾ ý … p Æ õ I ¬ … Ú Y ® ª =
® \ Z ° | Ì > › d ((Ì ý G , â
• ¿ ¢ 9 å n ‹ 1 Y B ¤ f ¢ 9 å n ‹
1 < ¯ Þ ë k , Z š å n Y … p Æ p f Y
ÿ £ « f

At the end of the reporting period, the Group revises its estimates of the number of options that are expected to ultimately vest. It recognises the impact of the revision of original estimates, if any, in the Group's profit or loss and makes a corresponding adjustment to equity over the remaining vesting period. When the options are exercised, the proceeds received net of any directly attributable transaction costs are credited to share capital (at nominal value) and share premium.

õ S , K Û d I « L I Á k , ð ^ å
n Y … p Æ p f Y f a Þ * L
€ ½ Þ • Y B ¤ õ I « & B (õ q h å n ,
« Á Æ B * ´ Ð Æ f Ô { › ‰ Š Ô ð
, \ Ÿ å n t ø Ó I • õ … p Æ 4 Û
r] p ₤ 2 & = • ¿ p … P f

Borrowing costs directly attributable to the acquisition, construction or production of qualifying assets, i.e., assets that necessarily take a substantial period of time to get ready for their intended use or sale, are capitalised as part of the cost of those assets. The capitalisation of such borrowing costs ceases when the assets are substantially ready for their intended use or sale. Investment income earned on the temporary investment of specific borrowings pending their expenditure on qualifying assets is deducted from the borrowing costs capitalised. All other borrowing costs are expensed in the period in which they are incurred. Borrowing costs consist of interest and other costs that an entity incurs in connection with the borrowing of funds.

> r Ó I
ª × ... e Ð [* ¥ ø *€ C ê —
Û œ _ ê * Ý › \ Ä Ð V / Y * •þ \ Ÿ
* [˜ > r Ó I I · * * Ó I Y S
Å ± f ... * } ç j * Ý › \ Ä Ð V
/ Û d Æ þ ß Z > r Ó I I · f $ › > ›
Þ \ õ ¥ ø * š Õ , œ W Û ³ Ô ƒ
_ Y ³ ×] d } ¥ ø a I Y > r Ó
I • Ô ð f Ô Þ I ü > r Ó I õ I * [, œ
« • * š Õ f > r Ó I < S œ ¼ ¯ >]
– Û Ô * [Y ; ¹ ¿ I ü Ó I f

DIVIDENDS

Dividends are recognised as a liability and deducted from equity when they are declared and approved by the Company's shareholders in general meetings. Proposed final dividends are disclosed in the notes to the financial statements.

p ¹
| Y p ¹ ¾ I ® ! p õ p } 6 j - X
½ © ‰ À d (ò } Æ B • Ô ð f Ý | K
, p ¹ Z ¯ Ì Œ • W • Þ £ f

Interim dividends are deducted from equity when they are declared and approved, and no longer at the discretion of the Company.

| Y • , p ¹ - X d (ò I ® ! ” • ‡
» · Û } Æ B • Ô ð f

FOREIGN CURRENCIES

The Company's functional currency is HK dollar while the Company's presentation currency for the consolidated financial statements is Renminbi. In preparing the financial statements of each individual group entity, transactions in currencies other than the entity's functional currency (foreign currencies) are recognised at the rates of exchange prevailing at the dates of the transactions. At the end of each reporting period, monetary items denominated in foreign currencies are retranslated at the rates prevailing at that date. Non-monetary items carried at fair value that are denominated in foreign currencies are retranslated at the rates prevailing at the date when the fair value was determined. Non-monetary items that are measured in terms of historical cost in a foreign currency are not retranslated.

. Æ
I ® ! Y • ¬ Æ ‰ ¥ © d þ I] ¥ Ì
Œ Y O • ¬ Æ ‰ [O Æ f õ Ü ¡ « H 9 ¼
˜ Ì Œ Û d ø ¼ • ¬ Æ ø . ¬
Æ€ . Æ •† ˜ t ø d 2 t ø ... Ú G \ Y Ò
½ © f õ ¢ S , K d ø . Æ • = ˜ ¬ Æ
° f 2 ... Ú G \ Y Ò - I Q f ø . Æ 2
® ª = Ž ˜ ¢ ¬ Æ ° f d 2 > › ® ª
= ... Ú ˜ Ò - I Q f ø . Æ 2 Ý & Ó I
Q ˜ ¢ ¬ Æ ° f ” 6 - I Q f

Ü ¡ I « Y] ¥ Ì Œ ê M # 4 *
: Ù e ¿ ÿ £ d þ : Ù e ¿ ÿ
£ B ¤ ×] e š Õ e * ¿ À Y O – X
¿ ´ ë Þ £ d ø ¿ Ð Í À Y Þ £ f ä ÿ
£ ¿ Y ” ü æ ª o Ï ç Ú ê Á a B
¤ Y * Ð À Y * & = * } Æ f

: Ù
È · ü ° À
È · Ô { ü À (Ì 1 ø p ¹ – Ì Ò ¿ ±
| Y • 7 • n ® ! ð • P ; Y Ð ù Ô { ü ¿
k d Ô { ü d d a ª J è + © ‰ a « ´ ë @ § ° ÏÀ € pÆ E d Ú

3. SIGNIFICANT ACCOUNTING JUDGEMENTS AND ESTIMATES (Continued)

ESTIMATION UNCERTAINTY (Continued)

Impairment of goodwill, brand name and operating concession rights

The Group determines whether goodwill, brand name and operating concession rights with indefinite useful lives are impaired at least on an annual basis. This requires an estimation of the value in use of the cash-generating units to which the goodwill, brand name and operating concession rights are allocated. Estimating the value in use requires the Group to make an estimation of the expected future cash flows from the cash-generating units and also to choose a suitable discount rate in order to calculate the present value of those cash flows. At the end of the reporting period, the carrying amounts of goodwill, brand name and operating concession rights were RMB85,309,000 (2016: RMB76,554,000), RMB110,520,000 (2016: RMB110,520,000) and RMB24,550,000 (2016: RMB24,550,000), respectively. Further details are disclosed in note 16 to the consolidated financial statements.

‘ e î ¿ $ ¢ ¾ Æ ¯ =

l « Ç Ê Ë > › ‘ e H Ì " 4 \
Ë , ˜ î ¿ $ ¢ ¾ Æ J l ¯ = f ä W
ê Š ± ã ‘ e î ¿ $ ¢ ¾ Æ
Y $ – * [Y 4 \ = f ¯
4 \ = Û d l « ² $ – * [
k , J 8 Y $ – t Ž d o ¿ ¥ G Y h $
ø Q $ – t Ž Y $ = f õ S ,
K d ‘ e î ¿ $ ¢ ¾ Æ Y * & = ±
9 ‰ [O Æ85,309,000€ 2016 Ë j [O
Æ76,554,000 © • e [O Æ110,520,000
€ 2016 Ë j [O Æ110,520,000© •¿
[O Æ24,550,000€ 2016 Ë j [O Æ
24,550,000 © •f Þ ë ‹ Š Þ £ õ] ¥ Ì
Œ • W16 f

Impairment of trade and other receivables

q ø Ð × › ° ¿ l ü Ð × › ° ¯ =
l « Þ ë L * Y a ê A W ? õ Á J µ ”
Ð × › ° × « Y û ¿ * g ± Y 5 ƒ Y
ø ¿ M # 4 Y : Ù f ¯ Y Þ ë Ð × › °
ð ^ • l $ Û d ² * } Ž : Ù d <
¢ Ò Y ¦ \ ‹ 1 ¿ @ » ” › ¾ } f ½ l «
Ò Y Ì K 1 7 x d ¬ ç l Õ ù • b %
- d Æ • ê * » µ ¯ = a ê f õ S ,
K d [O Æ145,061,000€ 2016 Ë j [O
Æ121,030,000 © •Š ½ © ‰ q ø Ð × › °
˜] ¯ = f & f

@ Û ¿ V À ¬ a ê
I « õ ¢ S , K è À I À ¬ Y * g ±
d (Á ½ © ‰ ” • 4 \ J / Y @ Û ¿
V À ¬ ° f * a ê f M # 4 ô ì ½ ð -
Y ï C / ¿ $ Û 9 1 À ¬ Y
$ = f õ S , K d [O Æ204,080,000
€ 2016 Ë j [O Æ142,237,000 © •Š ½ ©
‰ À ¬ ˜] @ Û a ê f

³ J 8 ® ª =
® ª = ˜ ð 3 ¯ Ç ‰ ´ • ® Ã ¿ K 1 ˜ J
8 … Û õ z ” 9 ˜ ø d (a ó ' a Ò ¿
I ü ¥ Ò • " f ¯ Þ y Ø ˜ ‹ 1 h d
M # 4 ì ½ ¥ # ® ª = Í > › Þ ë p
X f ¯ * Þ ë Q Û d M # 4 6 ý G ” •
8 U ˜ Ø d < j(i) ù m = i(ii) Ì / e
K 1 Ð ® Ã ” •€ Ð a ” • a Ò Ð I ü ¥ Ò
• " •˜ J 8 … Û õ z ” 9 ˜ ø d (
ø Æ ø À H Þ ë ¨ . i (iii) ó ' J 8 õ 0
” z ” 9 ˜ • , ø€ Ð 6 * Æ d ø
À H 2 t ø ˜ Ú ø 8 ¾ ö K 1 ˜ , 7
Á ø ˜ B ¤ •i (iv) ì ½ Á J 8 $ – t Ž ˜
8f†5ąčk‘ÐMłP$ $‰– t Ž Ã ¾3Ð¦€d ó

4. OPERATING SEGMENT INFORMATION

The Group is principally engaged in the manufacture and sale of building materials and interior decoration products; the provision of renovation and installation works, environmental engineering and other related services, financial services and property rental and other related services. For management purposes, the Group's businesses are organised by geographical areas based on the location of the customers and assets are attributable to the geographical unit based on the location of the assets. The Group has eight reportable operating segments as follows:

I « ô } + ¡ ¿ ¿ V / ¿ • ¢ * Ü e d 6 L ¿ Ä ˆ û e ¤ ˆ û ¿ I ü ´ ë e – D q J 8 a # ¿ ü ´ ë f 1 M # f Y þ d I « Y 8 ì ½ Ò Y Ô ¯ ® \ Ó ® # ± d ò * 2 I Ô ¯ ® ± ã š ® 9 f I « ¹ Þ ø h ^ H ê Ò ¾ ± Å j

(i) Southern China, including Guangdong Province, Guangxi Zhuang Autonomous Region, Hunan Province, Fujian Province and Hainan Province;

(i) 6 Ì d < ? ² e ? o Ä 7 e ³ Ì ² e E ² ¿ Ì ² i

(ii) Southwestern China, including Chongqing Municipality, Sichuan Province, Guizhou Province, Yunnan Province and Xizang (Tibet) Autonomous Region;

(ii) Ì ® d < E 9 e , ‡ ² e n È ² e ® Ì ² ¿ 7 i

(iii) Central China, including Hubei Province, Jiangxi Province and Henan Province;

(iii) 6 • d < ³ ² e ê ² ¿ & Ì ² i

(iv) Eastern China, including Shanghai Municipality, Jiangsu Province, Zhejiang Province and Anhui Province;

(iv) 6 d < j 9 e ê = ² e ê ² ¿ Ä Ï ² i

(v) Northern China, including Beijing Municipality, Tianjin Municipality, Hebei Province, Shandong Province, Inner Mongolia Autonomous Region and Shanxi Province;

(v) 6 d < / 9 e Â u 9 e & ² e † ² e « † 7 ¿ † ² i

(vi) Northwestern China, including Shaanxi Province, Ningxia Hui Autonomous Region, Qinghai Province, Gansu Province and Xinjiang Uygur Autonomous Region;

(vi) ® d < ï ² e ¹ € « Ä 7 e ¡ ² e Z ² ¿ - › j H ' Ä 7 i

(vii) Northeastern China, including Liaoning Province, Jilin Province and Heilongjiang Province; and

(vii) ® d < q ¹ ² e › ² ¿ ½ ² ê ² i ¿

(viii) Outside China.

(viii) • 7 ¤ . f

4. OPERATING SEGMENT INFORMATION
(Continued)

Management monitors the results of its operating segments separately for the purpose of making decisions about resources allocation and performance assessment. Segment performance is evaluated based on reportable segment profit, which is a measure of adjusted profit before tax. The adjusted profit before tax is measured consistently with the Group's profit before tax except that interest income, changes in fair value of investment properties, changes in fair value of derivative financial instruments, gain on disposal of available-for-sale investments, gain on disposal of held-to-maturity investments, gain on early redemption of available-for-sale investments, gain on early redemption of held-to-maturity investments, investment income, gain on disposal on

‰ S › U ± ã Ô ¿ Œ $ Y d M # 4 ± 9 9 › I ¾ ± Å Y 8 6 f ± Å Œ $ W 2 ê Ò ± Å ˜ P ; † Y d ê Ò ± Å ˜ P ; C ¾ Æ ð ü Ã P ; f ¾ Æ ð ü Ã P ; W 2 I « ð ü Ã P ; S « Ž d " ; ¹ × B e ³ J 8 ® ª = e [– D ˆ H ® ª = e / 6 / ³ Ô { ; B e / 5 Þ Q , ³ Ô { ; B e d Ø Ù « 5 Þ Q , ³ Ô { ; B e ³ × B e / • n ® ! ; B e Ò 3 ¨ . e D Ó I e ± & L ® ! ¿ ¥ † 8 8 6 ¿ I ü J ± ã × B ¿ š Õ (" < ¯ Ž « f

à õ õ L ® ! Y Æ B e õ ¥ † 8 Y Æ B e 6 / ³ e 5 Þ Q , ³ e [– D ˆ H e È · ü ° * e $ – ¿ Õ À › ø ¿ I ü J ± ã < Å ¿ ® ! * W 2 « ? _ M # d B ± Å * (" < ø j * f

± Å œ ×] õ] ¥ * f Û ê V f ± Å œ V / ¿ 7 + ø ¯ … Û 9 ? þ j £ K g Ù * Y V / ø ‰ k † t ø f

I « 8 . Å Ò Y ×] W U õ I ¯ • 7 « ® e • 7 $ 9 A ¿ . 7 Y 8 f

Ú 2017 Ë ¿2016 Ë12 Ü31 Ú ß Ë d ? Ì 8 ~ S . Å Ò t ø Y ×] & I « < ×] Y10% Ð ø j f

		Southern China 6Ì RMB'000 [OÆw©	Southwestern China Ì® RMB'000 [OÆw©	Central China 6• RMB'000 [OÆw©	Eastern China 6 RMB'000 [OÆw©	Northern China 6 RMB'000 [OÆw©	Northwestern China ® RMB'000 [OÆw©	Northeastern China ® RMB'000 [OÆw©	Outside China •7¤. RMB'000 [OÆw©	Eliminations êV RMB'000 [OÆw©	Consolidated]¥ RMB'000 [OÆw©
Segment revenue:	±Å×]j										
Sale of goods	V/¬Ü	10,082,151	1,561,330	1,712,343	1,064,953	1,052,288	562,002	371,154	535,436	–	16,941,657
Contract revenue from renovation and installation works	L¿Ä ˆû ¥Ò×]	118,180	–	881	–	–	–	382	–	–	119,443
Income from environmental engineering and other related services	¤ˆû¿lü´ê ×B	81,161	10,779	7,941	1,728	21,991	8,922	532	–	–	133,054
Financial service income	–D ×B	26,898	–	–	–	–	–	–	–	–	26,898
Revenue from external customers	.Å Ò×]	10,308,390	1,572,109	1,721,165	1,066,681	1,074,279	570,924	372,068	535,436	–	17,221,052
Intersegment revenue	±Åœ×]	2,397,464	360,909	441,075	133,941	167,401	109,249	94,902	591,967	(4,296,908)	–
Total	¥	12,705,854	1,933,018	2,162,240	1,200,622	1,241,680	680,173	466,970	1,127,403	(4,296,908)	17,221,052
Segment results	±Å86	3,349,344	534,107	626,430	239,738	325,786	143,524	99,788	86,290	(823,229)	4,581,778
Reconciliations:	Á*j										
Interest income	;¹×B										61,591
Gain on fair value changes of investment properties	³J8®ª= ;B										31,885
Gain on fair value changes of derivative financial instruments	[–DˆH®ª= ;B										1,942
Gain on early redemption of held-to-maturity investments	dØÙ«5Þ Q, ³Ô{;B										206
Investment income	³×B										5,781
Exchange loss	Ò3f&										(17,614)
Finance costs	D Ól										(107,061)
Share of result of a joint venture	±&Sœ¥ †886										813
Unallocated income and expenses	J±ã×B¿šÕ										(2,134,529)
Profit before tax	ðüÃP;										2,424,792
Segment assets	±Å *	9,850,734	1,140,737	1,048,774	867,512	726,365	581,190	420,668	2,788,731	–	17,424,711
Reconciliations:	Á*j										
Interest in a joint venture	õSœ¥ †8YÆB										7,988
Available-for-sale investments	6 /³										730,814
Held-to-maturity investments	5Þ Q,³										59,655
Derivative financial instruments	[–DˆH										32,566
Deferred tax assets	È·ü° *										53,869
Cash and bank deposits	$–¿Õ À›										3,885,683
Total assets	*<X										22,195,286
Other segment information:	lü±Å Øj										
Write-down of inventories to net realisable value, net	Û¯À¬ $= X	21,693	365	431	4,361	78	(121)	10,730	12,908	–	50,445
Depreciation and amortisation	± ¿ÅV	321,449	57,461	64,224	40,383	36,858	37,202	22,249	13,540	–	593,366
Impairment of trade receivables, net	qøÐx›°¯=X	30,087	–	274	–	1,086	–	(1,675)	455	–	30,227
Impairment of property, plant and equipment	J8e@Ò¿£ê ¯=	–	–	–	15,467	–	–	–	–	–	15,467
Capital expenditure#	lšÕ #	1,658,042	121,701	42,506	76,731	45,807	23,588	24,642	1,597,381	(20,900)	3,569,498

Capital expenditure consists of additions to property, plant and equipment, prepaid land lease payments, investment properties and other intangible assets.

lšÕ <ôÄJ8e@Ò¿£êekùz®a# ›e³J8¿lüÌ– *f

2017
RMB'000
[O Æ w ©

RevenuT7U101_1 7

		2017 RMB'000 [O Æ w ©	2016 RMB'000 [O Æ w ©
Interest expenses on bank and other loans	Õ ¿ I ü r › Y ; ¹ š Õ	231,920	108,781
Less: Interest capitalised	¯ j I · ; ¹	(2,611)	(1,720)
		229,309	107,061

7. PROFIT BEFORE TAX

The Group's profit before tax is arrived at after charging/ (crediting):

Cost of inventories sold	Š / À ¬ Ó I		14,653,632	12,413,090
Direct cost of renovation and installation works	L ¿ Ä ˆ û \ Ÿ Ó I		190,030	105,569
Direct cost of environmental engineering and other related services	¤ ˆ û ¿ I ü ´ ë \ Ÿ Ó I		108,249	70,170
Direct cost of financial services	– D \ Ÿ Ó I		2,351	–
Direct cost of property rental and other related services	J 8 a # ¿ I ü ´ ë \ Ÿ Ó I		27,112	–
Write-down of inventories to net realisable value, net	Û ¯ À ¬ $ = X		61,843	50,445
Depreciation	±	12	603,560	553,375
Amortisation of prepaid land lease payments	k ù z ® a # › Å V	13	26,867	25,227
Amortisation of other intangible assets	I ü Ì – * Å V	15	16,395	14,764
Total depreciation and amortisation	± ¿ Å V < X		646,822	593,366
Minimum lease payments under operating leases in respect of land and buildings	z ® ¿ } Á ¾ a # Y ð - a –		58,861	40,794
Auditor's remuneration	è p ª Z G		7,131	5,665
Employee benefit expense (including directors' remuneration (note 8)):	‡ p E ; š Õ€ < è + Z G€ • Wþ•			
Wages and salaries	ˆ ¿ Z –		740,048	574,465
Pension scheme contributions	× ~ – Œ 6 ›		74,611	59,449
Staff welfare and other expenses	p ˆ E ; ¿ I ü š Õ		61,445	53,973
			876,104	687,887
Research and development costs	¼ ï Ó I		641,354	514,024
Loss on disposal of items of other intangible assets and property, plant and equipment	/ I ü Ì – * q J 8 e @ Ò ¿ £ ê ° f Y f &		15,144	7,309
Impairment of property, plant and equipment	J 8 e @ Ò ¿ £ ê ¯ =	12	–	15,467
Changes in fair value of investment properties	³ J 8 ® ª =	14	(327,313)	

8. DIRECTORS' REMUNERATION AND FIVE HIGHEST PAID EMPLOYEES

(A) DIRECTORS' REMUNERATION

Directors' remuneration for the year, disclosed pursuant to the applicable Listing Rules and Hong Kong Companies Ordinance, is as follows:

ì ½ G \ j 9 • Æ ¿ 0 ¥ ® ! â 7 Þ £ ˜ Ë « è + Z G 1 • ½ h j

Fees	š –	3,095	3,089
Other emoluments:	I ü Z G		
Salaries, allowances and benefits in kind	Z – e u h ¿ ¼ J E ;	5,004	4,756
Performance related bonuses	Œ $ ¨ S € Î	4,990	5,040
Pension scheme contributions	× ~ – Œ 6 ›	323	313
		10,317	10,109
		13,412	13,198

¢ è + Y Z G 1 • ½ h j

2016		Fees š – RMB'000 [O Æ w ©	Salaries, allowances and benefits in kind Z – e u h ¿ ¼ J E ; RMB'000 [O Æ w ©	Performance related bonuses Œ $ ¨ S € Î RMB'000 [O Æ w ©	Pension scheme contributions × ~ – Œ 6 › RMB'000 [O Æ w ©	Total < RMB'000 [O Æ w ©
Executive directors:	B è + j					
Mr. Wong Luen Hei	» L $ ‹ [	–	616	584	15	1,215
Mr. Zuo Manlun	8 P ‹ [	–	596	604	32	1,232
Ms. Zuo Xiaoping	8 i 1 ~ {	–	616	584	15	1,215
Mr. Lai Zhiqiang	` › v ‹ [	–	600	600	41	1,241
Mr. Kong Zhaocong	Æ Š K ‹ [	–	600	600	41	1,241
Mr. Chen Guonan	Ó 7 Ì ‹ [	616	–	584	26	1,226
Dr. Lin Shaoquan	Ç Œ ù {	–	1,128	300	17	1,445
Mr. Huang Guirong	» n ò ‹ [	–	600	600	111	1,311
Mr. Luo Jianfeng	¯ ¤ ‹ [	616	–	584	15	1,215
		1,232	4,756	5,040	313	11,341
Non-executive director:	¢ B è + j					
Mr. Lin Dewei	C × ‹ [	467	–	–	–	467
Independent non-executive directors:	ù m ¢ B è + j					
Mr. Fung Pui Cheung	¹ C ‹ [	278	–	–	–	278
Mr. Wong Kwok Ho, Jonathan	î 7 ´ ‹ [	278	–	–	–	278
Mr. Cheung Man Yu	u Ö Á ‹ [	278	–	–	–	278
Ms. Lan Fang	† y ~ {	278	–	–	–	278
Dr. Tao Zhigang	× ›] ù {	278	–	–	–	278
		1,390	–	–	–	1,390
		3,089	4,756	5,040	313	13,198

8. DIRECTORS' REMUNERATION AND FIVE HIGHEST PAID EMPLOYEES (Continued)

(A) DIRECTORS' REMUNERATION (Continued)

No director waived or agreed to waive any emolument and no emoluments were paid by the Group to the directors as an inducement to join or upon joining the Group or as compensation for loss of office.

? Ì è + ó Ý Ð • ó Ý , G – d þ I « u Ì ‰ | ¸ ' I « Ð ¯ ' I « Û Ð * ‰ N þ µ þ £ è + Õ ù , G – f

There were no other emoluments paid or payable to the independent non-executive directors during the year (2016: Nil).

Ë « ? Ì Š ù Ð Ð ù š ù m ¢ B è + Y , I ü G –€2016 Ë j Ì ł

(B) FIVE HIGHEST PAID EMPLOYEES

The Group's five highest paid employees during the year were all directors. Details of the remuneration of these directors during the year are set out in note 8(A) above.

(B) ž ¤ ð ÷ Z G ‡ p Ë « d I « ž ¤ ð ÷ Z G ‡ p i ‰ è + f õ Ë « è + Y G – ‹ 1 õ j Ö • W8(A) f

9. INCOME TAX EXPENSE

9. Ô { ü š Õ

Current tax	C , ü °		
PRC	• 7	559,945	471,713
Other jurisdictions	I ü ! , Æ	5	421
		559,950	472,134
Overprovision in prior years	@ » Ë @ a ê		
PRC	• 7	(27,709)	(26,641)
Deferred tax	È · ü °	156,538	65,595
Total tax charge for the year	Ë « ü ° < X	688,779	511,088

The Group is subject to income tax on an entity basis on profits arising in or derived from the jurisdictions in which members of the Group are domiciled and operate.

I « ² 1 I « Ó p ® ! õ ^ ¿ ¾ Ô ¯ Y ! , Æ Ô * [Ð Ô } { P ; 2 ¼ ? _ ® v Ô { ü f

HONG KONG PROFITS TAX

The statutory rate of Hong Kong profits tax was 16.5% (2016: 16.5%) on the estimated assessable profits arising in Hong Kong. No provision for Hong Kong profits tax was made as the Group had no assessable profits arising in Hong Kong during the year (2016: Nil).

0 ¥ ; { ü 0 ¥ ; { ü W ì ½ ¯ 0 ¥ * [Y Ð ü P ; d ø , › ü 16.5% € 2016 Ë j 16.5% • Q f á õ I « õ I Ë « (Ì ¯ 0 ¥ * [, Ð ü P ; d B (Ì õ I Ë 1 0 ¥ ; { ü a ê€2016 Ë j Ì ł

9. INCOME TAX EXPENSE (Continued)

PRC CORPORATE INCOME TAX

The Group's income tax provision in respect of its operations in mainland China has been calculated at the applicable tax rates on the taxable profits for both years, based on the existing legislation, interpretations and practices in respect thereof.

I « Š ì ½ G H Ë Y Ð ü P ; d ø ´ ë Y $ Þ , e Q ¿ Õ 7 ‰ ? _ d 2 G \ ü Q • 7 « ® 8 Y Ô { ü a ê f

Certain of the Group's PRC subsidiaries are qualified as High and New Technology Enterprises and are entitled to a preferential corporate income tax rate of 15% during both years.

I « ð • • 7 • n ® ! õ G H Ë ¥ ÷ ÷ - ¦ " † 8 ø d (. a15% Y ´ I † 8 Ô { ü f

INCOME TAX FOR OTHER JURISDICTIONS

The Group's tax provision in respect of other jurisdictions has been calculated at the applicable tax rates in accordance with the prevailing practices of the jurisdictions in which the Group operates.

I ü ! , Æ ˜ Ô { ü ° I « 1 I ü ! , Æ ˜ ü ° a ê Š ì ½ I « ¾ 8 Ô ¯ ˜ ! , Æ $ Õ 7 Y G \ ü Q f

A reconciliation of the tax expense applicable to profit before tax at the statutory rate for the jurisdictions in which the majority of the Company's subsidiaries are domiciled to the tax expense at the effective tax rate is as follows:

® \ I ® ! } Å ± • n ® ! Ô ¯ ! , Æ , › ü Q Y G \ õ ð ü Ã P ; Y ü ° š Õ ~ 2 ¼ ç ü Q Y ü ° š Õ Y Á * ½ h j

Profit before tax	ð ü Ã P ;	2,954,586	2,424,792
Tax at the PRC corporate income tax rate of 25%	2 • 7 † 8 Ô { ü 25% Q Y ü °	738,647	606,198
Effect of tax concessions for certain subsidiaries	ð • • n ® ! ü ° ´ I Y B ¤	(260,497)	(232,631)
Share of results of associates	± & L ® ! 8 6	351	–
Share of results of joint ventures	± & ¥ † 8 8 6	(61)	(203)
Income not subject to tax	á ² ü × B	(1,654)	(2,179)
Expenses not deductible for tax	" Ô ü š Õ	3,906	11,623
Tax losses utilised from prior years	Ô \ Y @ » Ë ü ° f &	(6,468)	(6,930)
Tax losses not recognised	J ½ © ü ° f &	109,641	61,168
Adjustments in respect of current tax of prior years	1 @ » Ë Ë ü * Æ	(27,709)	(26,641)
Effect of withholding tax at 5% on the distributable profits of the Company's subsidiaries in the PRC	Á I ® ! • 7 • n ® ! ± | P ; 25% D × k d Ô { ü Y B ¤	132,623	100,683
Tax charge at the Group's effective rate	2 I « ¼ ç ü Q Y ü ° Õ	688,779	511,088

	2017		2016	
	HK$ ¥ © per share Ê p	HK$'000 w ¥ ©	HK$ ¥ © per share Ê p	HK$'000 w ¥ ©

		Land and buildings	Plant and machinery	Furniture, fixtures and office equipment	Motor vehicles	Leasehold improvements	Construction in progress	Total
		z ® ¿ } Á	@ Ò ¿ Ú œ	• H e Ä ¿ l ® £ ê	Û	a # J 8 L	¯ ˆ û	<
		RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
		[O Æ w ©	[O Æ w ©	[O Æ w ©	[O Æ w ©	[O Æ w ©	[O Æ w ©	[O Æ w ©
Cost:	Ó l j							
At 1 January 2016	õ 2016 Ë1 Ü1 Ú	2,991,514	3,147,179	159,938	144,667	4,005	1,421,742	7,869,045
Additions	ô Ä	27,200	191,575	27,808	23,472	13,703	817,147	1,100,905
Interest capitalised	l · ¸ ¹	–	–	–	–	–	1,720	1,720
Acquisitions of subsidiaries	x ... • n ® !	68,767	57,843	1,756	5,844	–	7,837	142,047
Transfers	a	463,180	124,896	2,601	–	32,976	(623,653)	–
Disposals	/	(223)	(73,694)	(3,113)	(3,141)	(709)	(29,708)	(110,588)
Exchange realignment	Ò 3 Æ	1,152	2,841,152					

		Note • W	2017 RMB'000 [O Æ w ©	2016 RMB'000 [O Æ w ©
At 1 January	õ 1 Ü 1 Ú		1,275,459	1,181,770
Additions	ô Ä		47,627	96,265
Acquisitions of subsidiaries	× … • n ® !		–	19,584
Provided for the year	I Ë d	7	(26,867)	(25,227)
Exchange realignment	Ò 3 Æ		(2,850)	3,067
At 31 December	õ 12 Ü 31 Ú		1,293,369	1,275,459
Analysed for reporting purpose as:	1 S f Y ± ‰ j			
Non-current assets	¢ t *		1,266,216	1,249,367
Current assets included in prepayments, deposits and other receivables	] t * Y k ù › e 2 – ¿ I ü Ð × › °	27	27,153	26,092
			1,293,369	1,275,459

14. INVESTMENT PROPERTIES 14. ³ J 8

At 1 January	õ 1 Ü 1 Ú		2,469,488	318,431
Additions	ô Ä		1,290,874	2,045,883
Changes in fair value	® ª =	7	327,313	31,885
Exchange realignment	Ò 3 Æ		(48,775)	73,289
At 31 December	õ 12 Ü 31 Ú		4,038,900	2,469,488

Further summary details of the Group's investment properties are set out in the section headed "Summary of Investment Properties" of this report.

I « ³ J 8 ? Y † S É ‹ 1 õ I S˜ ³ J 8 ? ™S · f

VALUATION PROCESSES
At the end of the reporting period, the Group's investment properties were stated at fair value and were revalued by independent professionally qualified valuers detailed below:

= û •
õ S , K d I « Y ³ J 8 2 ® ª = O • d (_ ù m e Y 8 ¿ ¥ ø Y = ª - = d Z « ™ ½ h j

American Appraisal (Thailand) Ltd.:	For properties in Thailand	American Appraisal (Thailand) Ltd.:	1 7 J 8 þ
Sydney Metropolitan Valuations:	For properties in Australia	Sydney Metropolitan Valuations:	1 æ r J 8 þ
Metropolitan Valuation Services Inc. & CBRE Inc.:	For properties in United States	Metropolitan Valuation Services Inc. & CBRE Inc.:	1 Õ 7 J 8 þ
Colliers International Realty Advisors Inc.:	For properties in Canada	Colliers International Realty Advisors Inc.:	1 Å } J 8 þ
? / ¦ Ò ® * z ® Y Þ " ® ! j	For properties in PRC	? / ¦ Ò ® * z ® Y Þ " ® ! j	1 • 7 J 8 þ

The valuations performed by the valuers for financial reporting purposes were reviewed by management. Management also discussed the valuation processes and results with the valuers. The fair value gains on revaluation are included in "other revenue, income and gains" in profit or loss.

M # 4 ª 2 a = ª 1 Ì O f Y Ô * = f M # 4 u 6 ~ = ª À = û • ¿ f Þ ë - = ˜ ® ª = ; B W] & B « Y˜ I ü ×] e × B ¿ ; B ™f

Management reviewed the valuation results by verifying all major inputs and assumptions and assessing the reasonableness of such valuations.

VALUATION TECHNIQUES AND FAIR VALUE HIERARCHY

The following table shows the valuation techniques used by the valuers in the determination of fair values. There were no significant changes to the valuation techniques during the year.

Vacant lands and buildings under refurbishment	2,740,844	1,965,880	Direct/sales comparison approach	Premium (discount) in quality of land

d Ä z ® ¿

ì@(M E r DÔDÐ GÊB&ƒ‰ eˆ P=ÞÊ DDÀ Ü ‡L á4QD'•-ÔDêíÓ:úÜÁ À(Cd"“- b&L • J ? ” â6 w < å ÐÐÀ

For the purpose of impairment testing, goodwill, brand name and operating concession rights with indefinite useful lives set out in note 15 have been allocated to four individual cash generating units ("CGUs"), comprising one subsidiary in the provision of environmental engineering services, one subsidiary in the provision of sewage treatment services, one subsidiary in the provision of hazardous waste treatment services and one subsidiary in the provision of product quality inspection and measuring instruments' calibration services. The carrying amounts of goodwill, brand name and operating concession rights at the end of the reporting period allocated to these units are as follows:



Guangzhou EP Environmental Engineering Ltd. and its subsidiary	

16. ‘ ¿ I ü H Ì " 4 \ Ë , ˜ Ì – * ¯ = » € ƒ •

2016		Goodwill ‘ RMB'000 [O Æ w ©	Brand name î RMB'000 [O Æ w ©	Operating concession rights $ ¢ ¾ Æ RMB'000 [O Æ w ©
Guangzhou EP Environmental Engineering Ltd. and its subsidiary* (“GZEP”)	? È 9 ¤ - • ^ û £ ë Þ " ® ! ¿ I • n ® ! € GZEP™	29,100	110,520	23,230
Foshan Shunde Huifengyuan Environmental Management Co., Ltd.* (“Huifengyuan”)	† 9 ± C Ò . U - ^ û M # Þ " ® ! € Ò . U ™•	7,457	–	1,320
Hainan Baolai Industrial & Trading Co., Ltd.* and its subsidiary (“Baolai”)	Ì 8 ^ q Þ " ® ! ¿ I • n ® ! € 8 ™•	39,997	–	–
		76,554	110,520	24,550

Management regarded brand name and operating concession rights acquired through business combinations having indefinite useful lives because they are expected to generate net cash inflows indefinitely.

M # 4 © ‰ À @ 8 ¥ ; * [˜ î ¿ $ ¢ ¾ Æ H Þ Ì " 4 \ Ë , d ä W _ õ I k , * [Ì " Y $ – t] X f

At the end of the reporting period, management determines that there are no impairments of any of its CGUs containing goodwill, brand name and operating concession rights with indefinite useful lives.

õ S , K d M # 4 ½ › , ¹ Þ ‘ e H Ì " 4 \ Ë , Y î ¿ $ ¢ ¾ Æ Y $ – * [? Ì ¯ = f

The recoverable amounts of GZEP, Huifengyuan, Baolai and Jianghuai Inspection have been determined based on value in use calculation using cash flow projections which based on financial budgets approved by the management covering a five-year period. The pre-tax discount rates applied to the cash flow projections are 18.5%, 19.0%, 15.9% and 21.2%, respectively. The cash flows beyond the five years period are extrapolated using 2.0% growth rate. Other key assumptions for the value in use calculation relate to the estimation of cash inflows/outflows which include budgeted sales and gross margin, such estimation is based on the units' past performance and management's expectations for the market development. Management believes that any reasonably possible change in any of these assumptions would not cause the carrying amounts of GZEP, Huifengyuan, Baolai and Jianghuai Inspection to exceed their recoverable amounts respectively.

GZEP e Ò . U e 8 ¿ ê è » Y × «

2017	2016
RMB'000	RMB'000
[O Æ w ©	[O Æ w ©

18. õ ¥ † 8 Y Æ B

		2017 RMB'000 [O Æ w ©	2016 RMB'000 [O Æ w ©
Share of net assets	± & * X	9,024	7,988

Particulars of the joint ventures are as follows: ¥ † 8 Y ‹ ½ h j

Guangdong Lesso EPCO Residential Equipment Design Services Co., Ltd.*	RMB10,000,000	PRC	50	50	50	Provision of household decoration design work and maintenance services
? L ç ù Å Ã £ ê £ Þ " ® !	[O Æ10,000,000 ©	• 7	50	50	50	d 6 • ¢ t £ ¿ j L
Lesso Home Syn Tai Hung Sdn. Bhd.#	Malaysian Ringgit 1,000,000	Malaysia	51	50	51	Sale of building materials and household products
ï " ˜ • ¦ } ÷ [Þ " ® ! *#	1,000,000 õ 8 -	õ 8 -	51	50	51	V / ¿ ¿ • ¢ * Ü

The joint venture was newly set up during the year. ® ¥ † 8 õ I Ë - Ó m f

The following table illustrates the information of the Group's interests in joint ventures: h Œ O • I « õ ¥ † 8 Æ B Y Ø j

Share of joint ventures:	± & ¥ † 8 m		
Profit from continuing operations	5 ƒ ¾ 8 P ;	243	813
Other comprehensive income	I ü Œ & × B	–	–
Total comprehensive income	Œ & × B < X	243	813

		Note	2017 RMB'000	2016 RMB'000
		• W	[O Æ w ©	[O Æ w ©
Listed investments:	j 9 ³ j			
Debt securities listed in Hong Kong	õ 0 ¥ j 9 À Ç N	(i)	7,935	–
Equity securities listed in PRC	õ • 7 j 9 p I Ç N		412,318	515,777
Equity securities listed in Hong Kong	õ 0 ¥ j 9 p I Ç N		1,095,840	–
Non-cumulative redeemable preference shares listed in Hong Kong	õ 0 ¥ j 9 ¢] Ù « ´ ‹ p		33,635	44,991
Perpetual capital securities listed in Hong Kong	õ 0 ¥ j 9 Q n I Ç N		8,403	

		2017 RMB'000 [O Æ w ©	2016 RMB'000 [O Æ w ©
Debt securities, at amortised cost:	2 Å V Ó I • * Y À Ç N j		
Listed in Hong Kong	0 ¥ j 9	–	59,655

The Group reclassified debt securities with amortised cost of RMB33,650,000 from held-to-maturity investments to available-for-sale investments during the year as certain debt securities were disposed by the Group before their maturity dates.

21. LOAN RECEIVABLESo

21. Ð × > › € ƒ •

(A) D a # Ð × › °

		Minimum lease receivables ð - a # Ð × › °		Present value of minimum lease receivables ð - a # Ð × › ° $ =	
		2017 RMB'000 [O Æ w ©	2016 RMB'000 [O Æ w ©	2017 RMB'000 [O Æ w ©	2016 RMB'000 [O Æ w ©
Not more than 1 year	" µ õ1 Ë	117,912	36,457	109,677	31,886
Over 1 year but within 5 years	1 Ë ø j5 Ë ø «	272,151	66,819	228,710	63,191
		390,063	103,276	338,387	95,077
Less: Unearned finance income	¯ j J ¼ $ D × B	(51,676)	(8,199)		
Present value of minimum lease receivables	ð - a # Ð × › ° $ =	338,387	95,077		

The Group's finance lease receivables are denominated in Renminbi. The effective interest rates of the receivables range from 5.89% to 12.70% (2016: 5.89%) per annum. There are no unguaranteed residual value of assets leased under finance leases and no contingent rent arrangement that need to be recognised in both years.

l « Y D a # Ð × › ° ø [O Æ = f Ð × › ° Y ¼ ç Ë ; § ÷ 5.89% 12.70%€ 2016 Ë j 5.89% ¶ f õ G H Ë « d ? Ì , D a # * Y J Ä - õ q = d u Ì , ² š ½ © Ð Í a # Ä ° f

21. Đ × > › € ƒ •

(A) D a # Đ × › € ƒ •
ø h ‰ D a # Đ × › ° Y ¦ r
/ o ± j

The following is a credit quality analysis of these finance lease receivables:

Neither past due nor impaired	J C , u J ¯ =	338,387	95,077

The receivables are secured by assets leased under finance leases and cash deposits (where applicable).

Đ × › ° ø D a # * ¿ $ – 2
–€ ½ G \ • ‰ ê å f

Cash deposits from finance lease customers are collected upfront based on certain percentage of the entire value of the lease contracts. When the lease contract expires and all related liabilities and obligations are fulfilled by the customer, the cash deposit will be returned in full. The balance of the cash deposit can also be used to settle any outstanding lease receivables for the corresponding lease contract. The collected cash deposit of RMB22,164,000 (2016: RMB10,000,000) has been included in “other long-term payables” in the consolidated statement of financial position.

D a # Ò $ – 2 – W ? õ a # ¥
Ò Œ Å = Y ð • õ ± â k ‹ × _ f
õ a # ¥ Ò £ ø ¿ Ò 5 Ô
Þ ´ ë ª , ¿ È d $ – 2 – Z
6 Œ Å × ” f $ – 2 – q u \ õ
Q ´ Đ a # ¥ Ò Y , J × _ Y
a # Đ × › ° f õ] ¥ Ì K
1 Œ « Y ˜ I ü — , Đ ù › ° ™Þ [
O Æ22,164,000 2016 Ë m [O Æ
10,000,000 © •Ÿ Š × _ $ – 2 – f

21. Đ × > › € ƒ •

(B) - # Đ × › °
l « Y - # Đ × › ° 8 £ •
7 ® ! d 6 - # f ¬ š ¢ Ò Y
¦ \ , " S › ‰365 Â « f

The Group's factoring receivables arise from the provision of factoring services to companies located in PRC. The credit period granted to each customer is generally within 365 days.

- # Đ × › ° ø a 8 _ Ò ¹ Þ
Y Đ × › ° ¿ J Đ 8 Ò C ê å f
Đ × › ° 2 § ÷4.50% 6.00% Y
Ë ; € 2016 Ë j4.50% 6.00%•
¹ f

Factoring receivables are secured by receivables and/or commercial bills originally owned by the customers. These receivables carry interest at rates ranging from 4.50% to 6.00% (2016: 4.50% to 6.00%) per annum.

õ S , K d - # Đ × › ° ˜ Q
, ‹ 1 ½ h j

The maturity profile of the factoring receivables at the end of the reporting period is as follows:

With a residual maturity of:	q , " j		
Not more than 3 months	” µ õ3 H Ü	44,700	37,640
Over 3 months to 6 months	3 H Ü ø j 6 H Ü	125,000	36,000
Over 6 months to 12 months	6 H Ü ø j 12 H Ü	152,229	100,000
		321,929	173,640

õ S , K d l « Y - # Đ ×
› ° ? Ì C , Đ ¯ =€2016 Ë j Ì ł

At the end of the reporting period, none of the Group's factoring receivables was either past due or impaired (2016: Nil).

21. Đ × > › € ƒ •

(C) 6 Đ á D Đ × › °

The Group's receivables from supply-chain financing services arise from the provision of supply-chain financing services to companies located in PRC. The credit period for each customer is generally within 30 to 180 days.

I « Y 6 Đ á D Đ × › ° 8 £ • 7 ® ! d 6 6 Đ á D f ¬ š ¢ Ò Y ¦ \ , " S › § ÷30 180 Â « f

These receivables carry interest at rates ranging from 5.40% to 7.20% per annum (2016: 5.40% to 7.20%).

Đ × › ° 2 § ÷5.40% 7.20% Y Ë ; €2016 Ë j5.40% 7.20% • ¹ f

Certain receivables from supply-chain financing services, amounting to RMB50,000,000 (2016: RMB49,938,000) are secured by certain interests of companies and personal guarantees.

ð • 6 Đ á D Đ × › ° ¥ • [O Æ50,000,000 2016 Ë j [O Æ 49,938,000 © •d ø ð • ® ! Y Æ B ¿ H [Ä - * ê å f

The maturity profile of the receivables from supply-chain financing services at the end of the reporting period is as follows:

õ S , K d 6 Đ á D Đ × › ° ˜ Q , ‹ 1 ½ h j

With a residual maturity of:	q , " j		
Not more than 3 months	" µ õ3 H Ü	95,600	83,238
Over 3 months to 6 months	3 H Ü ø j 6 H Ü	34,000	37,000
		129,600	120,238

At the end of the reporting period, none of the Group's receivables from supply-chain financing services was either past due or impaired (2016: Nil).

õ S , K d I « Y 6 Đ á D Y Đ × › ° ? Ì C , Đ ¯ =€2016 Ë j Ì ƒ

The directors believe that no provision for impairment is necessary for loan receivables (2016: Nil) as there has not been any significant change in the credit quality of these customers and these balances are still considered fully recoverable.

è + © ‰ d _ õ ¾ Ò Y ¦ r / o (Ì 9 · d ò q ¥ V ‰ „ p × « d ª ä Ì ² 1 Đ × > › * ¯ = a €2016 Ë m Ì ƒ

		2017 RMB'000 [O Æ w ©	2016 RMB'000 [O Æ w ©
Other long-term receivables	I ü — , Đ × › °	52,591	37,623
Long-term rental prepayments	— , a – k ù › °	98,000	–
		150,591	37,623

OTHER NON-CURREN

24. À ¬

		2017 RMB'000 [O Æ w ©	2016 RMB'000 [O Æ w ©
Manufacturing and trading	¡ ¿ ¿ q ø	3,099,969	2,747,065
Property development	J 8 ï •	127,773	–
		3,227,742	2,747,065

(A) MANUFACTURING AND TRADING (A) ¡ ¿ ¿ q ø

Raw materials	a ¿ Ø	1,445,320	1,170,591
Work in progress	¯ * Ü	297,190	355,142
Finished goods	* Ó Ü	1,357,459	1,221,332
		3,099,969	2,747,065

(B) PROPERTY DEVELOPMENT (B) J 8 ï •

Property under development	ï • • J 8	127,773	–

The property under development is expected to be completed and available for sale in more than twelve months after the end of the reporting period.

ï • • J 8 k õ S , µ õ d Z H Ü • Ó (6 / f

		2017 RMB'000 [O Æ w ©	2016 RMB'000 [O Æ w ©
Contracts in progress at the end of the reporting period	õ S , K ˜ ¯ ¥ Ò		
Contract costs incurred plus recognised profits less recognised losses to date	¦ Š * [¥ Ò Ó I Š ½ © P ; ¯ Š ½ © f &	1,292,781	744,649
Less: Progress billings	¯ j † I	(1,125,097)	(621,419)
		167,684	123,230
Analysed for reporting purposes as:	1 S f Y ± ‰ j		
Amounts due from customers for contract work	Ð × Ò Y ¥ Ò ˆ û › °	269,239	163,279
Amounts due to customers for contract work	Ð ù Ò Y ¥ Ò ˆ û › °	(101,555)	(40,049)
		167,684	123,230

26. TRADE AND BILLS RECEIVABLES



26. q ø Ð × › ° ¿ C ½ € ƒ •

The Group's major customers are independent distributors, civil contractors, property developers, utility companies and municipalities in mainland China. Depending on the market condition, marketing tactics and relationships with the customers, the Group's trading terms with its independent distributors may change from settlement on an advance receipt basis to giving a credit period of generally one month or more, if appropriate. The Group does not have a standardised and universal credit period granted to the non-distributor customers. The credit period of an individual non-distributor customer is considered on a case-by-case basis and is set out in the sales contracts, as appropriate. Sales to small, new, or short-term customers are normally expected to be settled on an advance receipt basis or shortly after the goods delivery. No credit term period is set by the Group for small, new and short-term customers.

I « Y ô Ò ‰ • 7 « ® Y ù m ± V e z Ý ˆ û Õ e Ò ® * š ï e ® \ + 8 ® ! ¿ 9 A Å ˜ f I « V ÷ 9 1 e 9 + ¿ ~ Ò Y ë · d Z I ~ ù m ± V Y q ø â › _ 2 k ù Ù Ì Q » · ‰ ¬ š S › S H Ü Ð µ H Ü Y ¦ \ , '€ ½ G ... ƒ I « (Ì U S £ ¢ ± V Ò ¬ š z _ Y ¦ \ , " f H 9 ¢ ± V Ò Y ¦ \ , " V ÷ H 9 ‹ 1 þ › d (¯ V / ¥ Ò • • ü€ ½ G ... ƒ Á ƒ • | e - Ð õ , Ò Y V / S › k , ø k ù Ù Ì Ð õ t ¬ õ , « Q f I « (Ì ‰ ƒ • | e - Ð õ , Ò £ m ¦ \ , " f

Trade and bills receivables are unsecured and interest-free.

q ø Ð × › ° ¿ C ½ i ‰ Ì ê å ¿ 5 ¹ f

An aging analysis of the Group's trade and bills receivables at the end of the reporting period, based on the invoice date and net of provisions, is as follows:

õ S , K d I « Y q ø Ð × › ° ¿ C ½ 2 ï C Ú , (Ô ð a ê Y * g ± ½ h j

Not more than 3 months	” µ õ3 H Ü	1,063,621	786,926
Over 3 months to 6 months	3 H Ü ø j 6 H Ü	438,828	309,326
Over 6 months to 12 months	6 H Ü ø j 12 H Ü	248,608	153,734
Over 1 year to 2 years	1 Ë ø j 2 Ë	173,230	218,297
Over 2 years to 3 years	2 Ë ø j 3 Ë	90,318	42,585
Over 3 years	3 Ë ø j	10,003	6,380
		2,024,608	1,517,248

The movements in the provision for impairment of the Group's trade receivables are as follows:



26. q ø Ð × › ° ¿ C ½ € ƒ •

Receivables that are neither past due nor impaired relate to a large number of diversified customers for whom there is no recent history of default.

J C , u J ¯ = Y Ð × › ° ~ : µ ” • Ò Þ ë d µ , Ò • , ? Ì î Þ ¾ } f

Receivables that are past due but not impaired relate to a number of independent customers that have a good track record with the Group. Based on past experience, the directors believe that no provision for impairment is necessary in respect of these balances as there has not been a significant change in credit quality and the balances are still considered fully recoverable.

Š C , (Ì ¯ = Y Ð × › ° ~ ð • ù m Ò Þ ë d ¾ ~ l « Y t ø ¾ } » f ì ½ @ » ¾ d è + © ‰ d _ õ ¾ Ò ¦ r / o (Ì 9 · d ò q ¥ V ‰ „ p ×

27. PREPAYMENTS, DEPOSITS AND OTHER RECEIVABLES

27. k ù › e 2 – ¿ l ü Ð × › °

Prepayments	k ù ›		1,020,050	1,023,150
Current portion of prepaid land lease payments	k ù z ® a # › Y t Å ±	13	27,153	26,092
Value-added tax recoverable	ê Ô # = ü		259,512	186,063
Corporate income tax recoverable	ê Ô † 8 Ô { ü		182	2,026
Deposits	2 –		78,380	96,718
Receivable from early redemption of convertible notes	8 d Ø Ù « l p C ½ Ð × › °		145,508	–
Other receivables	l ü Ð × › °		82,522	85,596
			1,613,307	1,419,645

The financial assets included in the above balances are unsecured, interest-free and receivable on demand.

j q < Y – D * W Ì ê å e 5 ¹ ¿

		2017 RMB'000 [O Æ w ©	2016 RMB'000 [O Æ w ©
Restricted cash:	a " S $ – j		
Guarantee deposits for banking facilities	* ‰ Õ D Y Ä - 2 –	774,611	815,225
Cash and cash equivalents:	$ – ¿ $ – J j		
Time deposits with original maturity of three months or less when acquired	› , À € a Þ , " ‰ g H Ü Ð ø h •	102,539	238,570
Cash and bank balances	$ – ¿ Õ q	3,575,220	2,831,888
		3,677,759	3,070,458
Cash and bank deposits	$ – ¿ Õ À ›	4,452,370	3,885,683

Cash at banks earns interest at floating rates based on daily bank deposit rates. Short-term time deposits are made for varying periods between one day and twelve months and earn interest at the respective short-term time deposit rates. The bank balances and restricted cash are deposited with creditworthy banks with no recent history of default.

29. TRADE AND BILLS PAYABLES



An aging analysis of the Group's trade and bills payables at the end of the reporting period, based on the invoice date, is as follows:

Not more than 3 months	” µ õ3 H Ü	1,914,118	828,384
Over 3 months to 6 months	3 H Ü ø j 6 H Ü	357,082	230,293
Over 6 months to 12 months	6 H Ü ø j 12 H Ü	702,632	2,495,188
Over 1 year to 2 years	1 Ë ø j 2 Ë	20,587	6,614
Over 2 years to 3 years	2 Ë ø j 3 Ë	5,465	14,962
Over 3 years	3 Ë ø j	21,201	8,384

14,9OTHER PAYABLES AND ACCRUALSET /GS088.238028 98.4440.6380sc0968 57 447 5290094 0 l re 396.2913 56 447 5290559 0 l re 3

31. > ›

		2017 RMB'000 [O Æ w ©	2016 RMB'000 [O Æ w ©
Current	t		
Unsecured bank loans	Ì ê å Õ r ›	2,698,795	2,109,925
Current portion of long-term unsecured bank loans	— , Ì ê å Õ r › Y t Å ±	70,624	131,479
Current portion of long-term unsecured syndicated loans	— , Ì ê å Õ r › Y t Å ±	–	2,010,750
Secured bank loans	Þ ê å Õ r ›	105,500	–
Secured other loans	Þ ê å l ü r ›	2,337	–
		2,877,256	4,252,154
Non-current	¢ t		
Unsecured bank loans	Ì ê å Õ r ›	422,168	422,907
Unsecured syndicated loans	Ì ê å Õ r ›	4,988,151	–
Secured bank loans	Þ ê å Õ r ›	19,800	7,500
Loans from non-controlling interests	¢ › S Æ B r ›	12,000	12,000
		5,442,119	442,407
		8,319,375	4,694,561
Analysed into borrowings repayable:	² µ " > › j		
Within one year or on demand	S Ë « Ð 2 Ë Û	2,877,256	4,252,154
In the second year	K Z Ë «	338,236	422,907
In the third to fifth years, inclusive	K g Ë K ž Ë « € < / ˆ G Ë •	5,092,722	14,476
More than five years	µ õ ž Ë	11,161	5,024
		8,319,375	4,694,561

Note:

(a) The effective interest rates of the Group's borrowings range from 1.60% to 6.00% (2016: 1.06% to 4.90%) per annum.

(b) The secured bank loans are secured by: (i) the concession rights of a subsidiary and personal guarantee provided by a shareholder of that subsidiary; (ii) certain commercial bills received by the Group during its provision of factoring services; and (iii) certain receivables from supply-chain financing service.

(c) The loans from non-controlling interests are unsecured, interest-free and will mature in September 2019 (2016: unsecured, interest-free and will mature in September 2019).

(d) At the end of the reporting period, the Group's borrowings are denominated in US dollar, HK dollar, Renminbi, Australian dollar and Canadian dollar are equivalent to RMB5,213,421,000 (2016: RMB3,478,442,000), RMB1,254,263,000 (2016: RMB876,620,000), RMB1,108,835,000 (2016: RMB339,499,000), RMB537,423,000 (2016: Nil) and RMB205,433,000 (2016: Nil), respectively.

• W j

(a) l « > › ˜ ¼ ç Ë ; § ÷1.60% 6.00% " € 2016 Ë j1.06% 4.90%fi•

(b) Þ ê å Õ r › W ø j (i) • n ® ! Y $ ¢ ¾ Æ ¿ l S ¤ p Y H [Ä - i (ii) l « õ d 6 - # Û × Q Y ð • 8 C ½ i ¿(iii) ð • 6 Ð á D Ð × › ° * ê å f

(c) ¢ › S Æ B ˜ r › ‰ Ì ê å e 5 ¹ ¿ Z õ 2019 Ë 9 Ü Q €2016 Ë j Ì ê å e 5 ¹ ¿ Z õ2019 Ë9 Ü Q , fi•

(d) õ S , K d l « ø Õ © e ¥ © e [O Æ e æ © ¿ © = Y > › ± 9 = õ [O Æ 5,213,421,000© € 2016 Ë j [O Æ 3,478,442,000 © • e [O Æ 1,254,263,000 ©€ 2016 Ë j [O Æ 876,620,000© • e [O Æ 1,108,835,000© € 2016 Ë j [O Æ 339,499,000 © •e [O Æ537,423,000 ©€ 2016 Ë j Ì •¿ [O Æ 205,433,000 ©€ 2016 Ë j fi•

The major deferred tax assets/(liabilities) recognised and their movements during the current and prior years are as follows:



32. È · ü ° € ƒ •

		2017 RMB'000 [O Æ w ©	2016 RMB'000 [O Æ w ©
Gross deferred tax assets recognised in the consolidated statement of financial position	õ] ¥ Ì K 1 Œ « ½ © Y È · ü ° * < X	69,908	53,869
Gross deferred tax liabilities recognised in the consolidated statement of financial position	õ] ¥ Ì K 1 Œ « ½ © Y È · ü ° À < X	(444,640)	(272,568)
		(374,732)	(218,699)

Pursuant to the PRC Corporate Income Tax Law, a 10% withholding tax is levied on dividends declared to foreign investors from the foreign investment enterprises established in mainland China. The requirement is effective from 1 January 2008 and applies to earnings after 31 December 2007. A lower withholding tax rate may be applied if there is a tax treaty between mainland China and the jurisdictions of the foreign investors. The applicable rate for the Group is 5%. The Group is therefore liable for withholding taxes on dividends distributed by those subsidiaries established in mainland China in respect of their earnings generated from 1 January 2008.

ì ½ • 7 † 8 Ô { ü , d ¯ • 7 « ® Ó m Y . † 8 £ . 7 ³ k | Y p ¹ ² ® v 10% Y k d Ô { ü f • › 2008 Ë1 Ü1 Ú Î [Ö d G \ õ 2007 Ë12 Ü31 Ú Î { Y ® ; f J • 7 « ® ~ . 7 ³ k Ô ¯ ! , Æ Þ ¦ ü â Ò d Æ 2 0 - ü ® v k d Ô { ü f I « Y G \ ü ‰ 5% f ª ä d 1 õ • 7 « ® Ó m Y • n ® ! 12008 Ë1 Ü1 Ú Î Ô { ® ; þ ± | Y p ¹ þ d I « ² ® v k d Ô { ü f

At the end of the reporting period, the Group has not recognised deferred tax liabilities of RMB275,791,000 (2016: RMB263,925,000) in respect of temporary differences relating to the undistributed profits of subsidiaries, amounting to RMB5,515,812,000 (2016: RMB5,278,506,000), that would be payable on the distribution of these retained profits as the Company controls the dividend policy of these subsidiaries and it is probable that these profits will not be distributed in the foreseeable future.

õ S , K d _ õ I ® ! › S • n ® ! Y p ¹ A d ò P ; õ Z 8 ± | Y • Ì " } d B I « (Ì ½ © • n ® ! J ± | P ; r Û ¨ . ‰ [O Æ 5,515,812,000 © € 2016 Ë j [O Æ 5,278,506,000 © • Y È · ü ° À ‰ € ² õ ± | - 5 P ; Û Õ ù • [O Æ 275,791,000 © € 2016 Ë j [O Æ 263,925,000 © •

Deferred income represents government grants received by the Group as financial subsidies for the construction of new factory premises in Changchun, Daqing, Hubei and Hunan and rental income received in advance from certain of the Group's employees for leasing the staff quarters.

The government grants are released to profit or loss over the expected useful lives of the relevant premises by equal annual instalments, while rental income received in advance is recognised on the straight-line basis over the respective lease terms.

34. SHARE CAPITAL

[redacted]

Note:

During the year of 2016, the Company bought back and cancelled a total of 7,837,000 ordinary shares of the Company on the Stock Exchange at a total consideration (including expenses) of HK$32,917,000 (approximately RMB28,052,000).

35. RESERVES

The amounts of the Group's reserves and the movements therein for the current and prior years are presented in the consolidated statement of changes in equity.

Pursuant to the relevant laws and regulations for Sino-foreign joint venture enterprises, a portion of the profits of the Group's subsidiaries which are established in PRC has been transferred to reserve funds which are restricted for use.

36. SHARE OPTION SCHEME

A share option scheme was adopted by the Company on 14 May 2010 (the "Share Option Scheme") for the purpose of providing incentives and rewards to eligible participants who contribute to the success of the Group's operations.

No share options have been granted under the Share Option Scheme since its adoption.

34. p l € ƒ •

• W j

õ Z g S ¬ Ë d l ® ! ¯ L t Ô « ... ¿ W V ¥ • 7,837,000 p l ® ! w · p p ... d < þ € < š Õ •‰ 32,917,000 ¥ ©€ Ò [O Æ28,052,000

35. · ê

l « l Ë ¿ @ » Ë Y · ê – X ¿ l Š õ] ¥ Æ B Œ « O • f

ì ½ G \ õ • . ¥ † 8 Y ´ ë , ¿ , • d l « ¯ • 7 Ó m Y • n ® ! Y Å ± P ; Š 7 a \ Ä a " S Y · ê ? – f

36. ... p Æ Œ

õ 2010 Ë5 Ü14 Ú d ‰ ç ¸ ¿ ¤ ¸ Á l « Y Ó ¾ * Í Y ¥ ø ~ [d l ® ! ® v S ° ... p Æ Œ€ ... p Æ Œ ™f

l ® ! ® v ... p Æ Œ ø 8 d (Ì ì ½ Œ ¬ ... p Æ f

37. 8 ¥ ;

During the year, the Group entered into a sale and purchase agreement to acquire 51% equity interest in Jianghuai Inspection at a cash consideration of RMB10,200,000.

Ë « d I « m o - X D d ø [O Æ 10,200,000 © Y $ – þ × … ê è » 51% Y p I Æ B f

Jianghuai Inspection is principally engaged in product quality inspection and calibration of measuring instruments. The acquisition allow the Group to further diversify its businesses.

ê è » ô } + * Ü / o è ¿ » Ž œ ç _ f ä ° × … ÿ I « † S É ß • I 8 f

The fair values of the identifiable assets and liabilities of Jianghuai Inspection at the date of acquisition assumed by the Group are as follows:

õ × … Ú d ê è » Y Æ 9 * ¿ À ˜ ® ª = ½ h j

Property, plant and equipment	J 8 e @ Ò ¿ £ ê	1,154
Inventories	À ¬	22
Trade and bills receivables	q ø Ð × › ° ¿ C ½	2,008
Prepayments, deposits and other receivables	k ù › e 2 – ¿ I ü Ð × › °	483
Cash and bank deposits	$ – ¿ Õ À ›	97
Other payables and accruals	I ü Ð ù › ° ¿ Ð I \	(930)
Total identifiable net assets at fair value	Æ 9 * = < X€ 2 ® ª = •	2,834
Non-controlling interests	¢ › S Æ B	(1,389)
Goodwill arising on acquisition	× … * [Y ‘	8,755
Total consideration satisfied by cash	ø $ – Ù Ì Õ ù Y þ < X	10,200

Acquisition-related costs incurred in relation to the above acquisition is insignificant and have been excluded from the cost of acquisition and have been recognised directly as expenses for the year and are included in “other expenses” in profit or loss.

1 j × … * [Y × … ´ ë Ó I (” } ¿ Š — \ ð × … Ó I ˜ . d ò Š õ Ë « \ Ÿ ½ © ‰ š Õ (• õ & B Y ˜ I ü š Õ ™ « f

The fair values of the trade and bills receivables and other receivables at the date of acquisition amounted to RMB2,008,000 and RMB392,000 respectively, which approximate to the gross contractual amounts of the corresponding balances acquired by the Group. At the date of acquisition, management considered that the contractual cash flows not expected to be collected were insignificant.

õ × … Ú d q ø Ð × › ° ¿ C ½ q I ü Ð × › ° Y ® ª = ± 9 ‰ [O Æ2,008,000 © ¿ [O Æ392,000 © d ~ I « × … ´ Ð q Y ¥ Ò – X < = ´ ð f õ × … Ú d M # 4 © ‰ k , Ì , × « Y ¥ Ò $ – t Ž (” } f

None of the goodwill recognised is expected to be deductible for income tax purposes.

1 ® Ô { ü þ d Ô Þ Š ½ © ˜ ‘ « ” Ô ü f

An analysis of the cash flows in respect of the acquisition is as follows:

Cash consideration paid	Š ù $ – þ	10,200
Less: Cash and cash equivalents acquired	¯ j Š × … $ – ¿ $ – J	(97)

The Group leases certain of its office premises, production plants, warehouses and equipment under operating lease arrangements. Leases are negotiated for terms ranging from one to sixteen years.

At the end of the reporting period, the Group had total future minimum lease payments under non-cancellable operating leases falling due as follows:

Not more than 1 year	” µ õ1 Ë	183,362	35,073
Over 1 year to 5 years	1 Ë ø j 5 Ë	754,465	92,501
Over 5 years	5 Ë ø j	583,922	24,239
		1,521,749	151,813

40. COMMITMENTS

The Group had the following capital commitments at the end of the reporting period:



41. ë L [{ t ø ¿ q

(A) Ë « I « ~ ë L [{ ˜ } t ø

		Note • W	2017 RMB'000 [O Æ w ©	2016 RMB'000 [O Æ w ©
Connected transactions	ë ¹ t ø			
Transactions with companies under the common control of a director:	õ µ œ • • a S è + › S Y ® ! Y t ø j			
Sale of goods	V / ¬ Ü	(i)#	2,626	380
Financial service income	– D × B	(ii)	–	2,374
Consumption of utilities	ƒ \ ® \ + 8	(iii)	1,033	1,673
Rental expenses	a – š Õ	(iv)	3,907	4,129
Purchase of materials	® ... ¿ Ø	(v)#	5,195	5,675
Purchase of machinery and/or equipment	® ... Ú Û ¿ J Đ £ ê	(vi)	122,993	96,357
Purchase of electronic accessories	® ... e • ã •	(vi)	28	13
Licensing trademarks	¬ š z	(vii)#	404	407
Acquisition of Guangdong Lesso Lighting Co., Ltd* ("GD Lighting")	× ... ? L ç ô - ˆ U e œ Þ " ® ! €˜ ô - ˆ U ™•	(viii)#	–	5,000
Disposal of Lesso Hardware	/ ï ž –	(ix)	25,000	–
Assignment of rights of receivables	7 + Đ × › ° Æ ;	(x)	29,937	–
Agency services from companies under the control of a director	õ a S è + › S Y µ œ ® ! Ô d 6 Y þ #	(xi)#	4,468	3,247
Rental expenses paid to directors	£ è + Õ ù Y a – š Õ	(xii)#	1,613	1,592
Non-connected transactions	¢ ë ¹ t ø			
Advisory services from a company under the significant influence of directors	õ è + H } B ¤ þ Y S œ ® ! Ô d 6 Y T	(xi)	1,859	7,358
Design and maintenance services from a joint venture	¥ † 8 d 6 Y £ ¿ j L	(xiii)	3,600	3,600

Note:

(i) Sale of goods to related companies were made with reference to the prices and conditions offered by the Group to third-party customers.

(ii) Provision of financial service was made in accordance with the respective contractual terms offered by the Group to third-party customers.

(iii) Utilities were provided by related companies at cost.

(iv) Rental expenses were based on mutually agreed terms.

(v) Purchase of materials from related companies were made based on mutually agreed terms.

(vi) Purchase of machinery, equipment and electronic accessories from related companies were made with reference to the prices and conditions offered by the related companies to their third-party customers.

(vii) Licensing trademarks to related companies were conducted based on mutually agreed terms.

(viii) The consideration was agreed after arm's length negotiations with reference to the fair value of net assets of GD Lighting of approximately RMB5,000,000 as at 31 August 2016.

(ix) The consideration was agreed after arm's length negotiations with reference to the fair value of net assets of Lesso Hardware of approximately RMB25,000,000 as at 7 July 2017.

(x) The consideration was equivalent to the amount due from Lesso Hardware of the Group as at 7 July 2017.

(xi) Agency services and advisory services were provided by related companies based on mutually agreed terms.

(xii) Properties including office premises, cafeteria, workshops, warehouses and yacht were leased to the Group based on mutually agreed terms.

(xiii) Services were provided by a joint venture based on mutually agreed terms.

These related party transactions constitute connected transactions or continuing connected transactions as defined in Chapter 14A of the Listing Rules but are exempted from c [(()5cB 4w0

		Note • W	2017 RMB'000 [O Æ w ©	2016 RMB'000 [O Æ w ©
Balances with companies under the common control of a director arising from:	õ µ œ • • a S è + › S Y ® ! Y q 8 j			
Deposits paid for the purchases of machinery and/or equipment	… o Ú Û ¿ J Ð £ ê Ô Õ ù Y 2 –	(i)	92,660	72,744
Purchase of machinery and/or equipment	® … Ú Û ¿ J Ð £ ê	(ii)	31,454	22,191

Note:

(i) The balances are included in the Group's deposits paid for the purchase of land, property, plant and equipment.

(ii) The balances are included in the Group's other payables and accruals.

		Note	2017 RMB'000	2016 RMB'000
		• W	[O Æ w ©	[O Æ w ©
Financial liabilities	– D À			
Financial liabilities at amortised cost	*2 Å V Ó I • * Y – D À*			
Trade and bills payables	q ø Ð ù › ° ¿ C ½	29	3,021,085	3,603,162
Financial liabilities included in other payables and accruals	] I ü Ð ù › ° ¿ Ð I \ Y – D À		646,765	482,973

Borrop34 Td 6G6-0.028 Tw 17.638 -083EFC13BF0B4312BD>Tj /T1_0 1 Tf 13.131 31043 Td (29)Tj /T1_1 1 Tf 5.8,31

42. – D ˆ H € ƒ •

(B) 2 ® ª = Ž Y – D ˆ H Y ® ª = € ƒ •

		2016 Fair value hierarchy ® ª = V ô			
		Level 1 K S t RMB'000 [O Æ w ©	Level 2 K Z t RMB'000 [O Æ w ©	Level 3 K g t RMB'000 [O Æ w ©	Total < RMB'000 [O Æ w ©
Available-for-sale investments	6 / ³				
Listed investments	j 9 ³	515,777	75,588	–	591,365
Unlisted investments	¢ j 9 ³	–	–	123,824	123,824
Derivative financial instruments	[– D ˆ H	–	–	32,566	32,566
		515,777	75,588	156,390	747,755

During the year, there was no transfer from level 1 to level 2 (2016: RMB43,238,000) and there were no transfers into or out of Level 3 for the financial instruments of the fair value measurements (2016: Nil).

The movements in fair value measurements within Level 3 during the year are as follows:

At 1 January	õ 1 Ü1 Ú	156,390	–
Additions	ô Ä	–	146,158
Unrealised (loss)/gain recognised in profit or loss	õ & B « ½ © Y J ¼ $€ f & •J × B	(31,575)	1,942
Unrealised gain recognised in other comprehensive income	õ I ü Œ & × B « ½ © Y J ¼ $; B	29,819	7,846
Early redemption	d Ø Ù «	(149,876)	–
Exchange realignment	Ò 3 Æ	(4,758)	444
At 31 December	õ 12 Ü31 Ú	–	156,390
Total gain reclassified from other comprehensive income upon early redemption	ª d Ø Ù « þ õ I ü Œ & × B - å ó Y < × B	(37,665)	–
Total gain included in profit or loss upon early redemption	ª d Ø Ù « þ õ & B « ½ © Y < × B	37,771	–

Except as disclosed in the following table, the carrying amounts of the Group's financial instruments recognised in the consolidated financial statements approximate their fair values:

Financial asset	– D *				
Held-to-maturity investments	5 Þ Q , ³	–	–	59,655	64,880

The fair values were based on the quoted market price provided by a leading global financial market data provider.

43. FINANCIAL RISK MANAGEMENT OBJECTIVES

In respect of the floating interest rate instruments, the Group is subject to the cash flow interest rate risk, while for the fixed interest rate instruments, the Group is subject to fair value interest rate risk.

The following table demonstrates the sensitivity to a reasonably possible change in interest rate, with all other variables held constant, of the Group's profit before tax by assuming the floating rate borrowings outstanding at the end of the reporting period were outstanding for the whole year.



The Group’s main businesses are located in mainland China

43. – D , ˆ M # f z ¿ A € ƒ •

The Group aims to maintain sufficient cash and cash equivalents and available funding through various sources of finances to meet its commitments.

t – , ˆ
I « ç b j 5 Y $ – ¿ $ – J d
(À @ ” • ¬ 8 ‰ I Õ Ä { – f

The maturity profile of the Group’s financial liabilities at the end of each of the reporting periods, based on the contractual undiscounted payments, is as follows:

ø Š Ò J ± + ù › ‰ ? _ d I « õ ¢
S , K Y – D À Q , ‹ 1 ½ h j

Trade and bills payables	q ø Ð ù › ° ¿ C ½	3,021,085	–	–	3,021,085
Financial liabilities included in other payables and accruals	] I ü Ð ù › ° ¿ Ð I \ Y – D À	646,765	–	–	646,765
Borrowings	> ›	3,057,639	485,020	5,138,454	8,681,113
Other long-term payables	I ü — , Ð ù › °	–	67,800	24,772	92,572
		6,725,489	552,820	5,163,226	12,441,535

43. – D , ˆ M # f z ¿ A € ƒ •

t – , € ƒ •

		2016			
		Within 1 year 1 Ë « RMB'000 [O Æ w ©	1 to 2 years 1 2 Ë RMB'000 [O Æ w ©	More than 2 years 2 Ë ø j RMB'000 [O Æ w ©	Total RMB'000 [O Æ w ©
Trade and bills payables	q ø Ð ù › ° ¿ C ½	3,603,162	–	–	3,603,162
Financial liabilities included in other payables and accruals	] I ü Ð ù › ° ¿ Ð I \ Y – D À	482,973	–	–	482,973
Borrowings	> ›	4,315,968	84,891	374,677	4,775,536
Other long-term payables	I ü — , Ð ù › °	–	88,000	18,439	106,439
		8,402,103	172,891	393,116	8,968,110

CAPITAL MANAGEMENT

The primary objectives of the Group's capital management are to safeguard the Group's ability to continue as going concern and to maintain reasonable capital ratios in order to support its business and maximise shareholders' value.

I M #
I « I M # Y ô f z ‰ - æ I « 1 ƒ ø 5 ƒ ? _ ¾ Y • b d ø ¿ j 5 ¥ # Y I â Õ 5 I 8 d ø ¿ Z p Y = d º ð ÷ f

The Group manages its capital structure and makes adjustments to it in light of changes in economic conditions. In order to optimise the debt and equity balance, the Group may adjust the dividend payment to shareholders, return capital to shareholders, issue new shares or new debts or the redemption of existing debts. No changes were made in the objectives, policies or processes for managing capital during the year.

I « ì ½ ¾ ö K 1 M # I I V ô ¿ * Æ f ‰ ´ · À ¿ Æ B q d I « Æ Õ ù š p Y p ¹ e £ p × « I e ï - p Ð - À Ð Ù « $ Þ À f Ë « d M # I Y f z e A Ð @ û (Ì f

The table below details changes in the Group's liabilities arising from financing activities, including both cash and non-cash changes. Liabilities arising from financing activities are those for which cash flows were, or future cash flows will be, classified in the Group's consolidated statement of cash flows as cash flows from financing activities.

Borrowings	> r	4,694,561	3,987,747	20,467	(383,400)	–	8,319,375
Interest payable	Đ ù ; [1]	2,780	(211,453)	–	–	214,822	6,149
Dividends payable	Đ ù p [1]	–	(411,288)	–	–	411,288	–
Total liabilities from financing activities	D z Y À < X	20,467	2(6,107)Tj 73209 0 Td (8,25,524)Tj ET15 w q 1 0 0 1 65.1968 583.6791 cm 0 0 m 99.213 0 l S Q BT /T1_0				

Particulars of the Company's principal subsidiaries are as follows:



45. PARTICULARS OF PRINCIPAL SUBSIDIARIES (Continued)

45. ô • n ® ! Y ‹ € ƒ •

Name	Place of incorporation/ registration and business	Issued ordinary share/ registered share capital	Percentage of equity attributable to the Company		Principal activities
			Direct	Indirect	
¤ H	W ¿ 8 ® Ã	W p I	\ Ÿ	œ Ÿ	ô 8
Lesso Technology Development (Guiyang) Co., Ltd.*(b)	PRC	HK$115,000,000	–	100%	Manufacture and sale of plastic pipes and pipe fittings
L ç Å ¦ ï € n ¢ Þ " ® ! *(b)	• 7	115,000,000 ¥ ©	–	100%	¡ ¿ ¿ V / ç Ø M 8 ¿ M •
Nanjing Lesso Technology Industrial Co., Ltd.*(b)	PRC	US$26,750,000	–	100%	Manufacture and sale of plastic pipes and pipe fittings
Ì / L ç Å ¦ ¼ 8 Þ " ® ! *(b)	• 7	26,750,000 Õ ©	–	100%	¡ ¿ ¿ V / ç Ø M 8 ¿ M •
Lesso Municipal Pipe (Hebei) Co., Ltd.*(b)	PRC	US$32,790,000	–	100%	Manufacture and sale of plastic pipes and pipe fittings
L ç 9 A M 8 € & Þ " ® ! *(b)	• 7	32,790,000 Õ ©	–	100%	¡ ¿ ¿ V / ç Ø M 8 ¿ M •
Henan Lesso Industrial Co., Ltd.*(c)	PRC	RMB200,000,000	–	100%	Manufacture and sale of plastic pipes and pipe fittings
& Ì L ç ¼ 8 Þ " ® ! *(c)	• 7	[O Æ200,000,000 ©	–	100%	¡ ¿ ¿ V / ç Ø M 8 ¿ M •

(a) Registered as a wholly-foreign-owned enterprise under the laws of PRC.

(a) ì ½ • 7 , W ‰ S œ . ù † 8 f

(b) Registered as equity joint ventures under the laws of PRC.

(b) ì ½ • 7 , W ‰ ¥ † 8 f

(c) Registered as a limited liability company under the laws of PRC.

(c) ì ½ • 7 , W ‰ S œ Þ " ® ! f

The above table lists the Company's subsidiaries which, in the opinion of the directors, principally affected the results for the year or formed a substantial portion of the Group's net assets. To give details of other subsidiaries would, in the opinion of the directors, result in particulars of excessive length.

è + © ‰ d j Œ Ô 1 • Y I ® ! • n ® ! Á I Ë Y 8 6 H } B ¤ b Ð ô Ó I « * = Y } Å ± f è + © ‰ J • I ü • n ® ! Y Ø d Z 6 4 Þ ë Ø @ õ ¯ — f

46. ® ! Ì K 1 Œ € ƒ •

Note:

• W j

A summary of the Company's reserves is as follows:

I ® ! ˜ · ê ? ½ h j

At 1 January 2016	õ 2016 Ë1 Ü1 Ú	1,922,887	1,999	(79,768)	467,563	2,312,681
Total comprehensive income for the year	Ë « Œ & × B < X	–	613	155,768	324,829	481,210
Shares repurchased	« ... p ...	(17,269)	–	–	(10,441)	(27,710)
Dividends recognised as distributions to owners	½ © ‰ £ ¹ Þ [± | p ¹	–	–	–	(339,228)	(339,228)
At 31 December 2016 and 1 January 2017	õ 2016 Ë12 Ü31 Ú ¿ 2017 Ë1 Ü1 Ú	1,905,618	2,612	76,000	442,723	2,426,953
Total comprehensive income for the year	Ë « Œ & × B < X	–	(17,595)	(158,947)	464,740	288,198
Dividends recognised as distributions to owners	½ © ‰ £ ¹ Þ [± | p ¹	–	–	–	(411,288)	(411,288)
At 31 December 2017	õ 2017 Ë12 Ü31 Ú	1,905,618	(14,983)	(82,947)	496,175	2,303,863

47. APPROVAL OF THE CONSOLIDATED FINANCIAL STATEMENTS

47. - X] ¥ Ì Œ

The consolidated financial statements were approved and authorised for issue by the Board on 19 March 2018.

è + 6 õ2018 Ë3 Ü19 Ú - X ¿ ¬ Æ] ¥ Ì Œ ï 1 f

SUMMARY OF INVESTMENT PROPERTIES

As at 31 December 2017

Details of the Group's investment properties at the end of the reporting period are as follows:

119-120, 202, 204, 1413-1421, 1423 Tambol Bang Sao Thong, Amphoe Bang Sao Thong, Samut Prakan Province	Thailand	CX	3,469,303	Freehold	75%	Under development
119-120, 202, 204, 1413-1421, 1423 Tambol Bang Sao Thong, Amphoe Bang Sao Thong, Samut Prakan Province	7	CX	3,469,303	Q n 8 Æ	75%	ï • •
SWC of Highway 380 & FM 26, South side of Highway 380 West of FM 26, Frisco, Texas	United States	AL	3,347,290	Freehold	100%	Planning stage
SWC of Highway 380 & FM 26, South side of Highway 380 West of FM 26, Frisco, Texas	Õ 7	AL	3,347,290	Q n 8 Æ	100%	* Œ l
3,347,C90		100%	Planning			
100%	United States	AL	3,347,290	Freehold	100%	Planning stage

SUMMARY OF INVESTMENT PROPERTIES

As at 31 December 2017

Location	Type	Site area/ gross floor area	Lease term	Group's interest	Stage of completion
® Ã	gross floor area	f¡9E"Th H) i5&9(59"3U-¥Q63	6ÃÃ8299	Td24 -1 3.2 d	90DAB0FA0029816C60942r i

Location ® Ã		Type ó 9	Site area/ gross floor area ® µ & J < } & & Sq. ft. ; Ù J	Lease term a \ ,	Group's interest l « ˜ Æ B	Stage of completion • Ó l
79-99 St Hilliers Road, Auburn, Cumberland, Sydney, New South Wales, Australia	Australia	IB	298,191#	Freehold	100%	Under refurbishtment
79-99 St Hilliers Road, Auburn, Cumberland, Sydney, New South Wales, Australia	æ r	IB	298,191#	Q n 8 Æ	100%	- ˆ û † •
West of Foshan-Kaiping highway, North of Longgao Road, Longjiang town, Shunde District, Foshan City, Guangdong	China	CL	1,392,982	Leasehold	100%	Planning stage
? ² † 9 ± C ² ê D š ÷ º ø e ² ÷) ø	• 7	CL	1,392,982	a # 8 Æ	100%	* Œ l
South of Longzhou West Road, East of Dengdong Road, Longjiang town, Shunde District, Foshan City, Guangdong	China	CL	221,825	Leasehold	100%	Planning stage
? ² † 9 ± C ² ê D ² r) Ì ~ î) t x y	• 7	CL	221,825	a # 8 Æ	100%	* Œ l

Note:

• W j	AL	Agricultural land 5 8 \ ®
	CL	Commercial land 8 \ ®
	CX	Complex land] ¥ \ ®
	IL	Industrial land ˆ 8 \ ®
	CB	Commercial building 8 } Á
	IB	Industrial building ˆ 8 } Á
	#	Represents gross floor area 8 J 8 < } & &

Z

“Board” ˜ è + 6 ™	8	the board of directors of the Company I ® ! è + 6
“BVI” ˜ õ n j ' / Ê ¥ ™	8	the British Virgin Islands õ n j ' / Ê ¥
“China” or “PRC” ˜ • 7 ™	8	the People’s Republic of China, for the purpose of this report, excluding Hong Kong, Macau and Taiwan • 6 [O • q 7 d 1 I S þ d (” < 0 ¥ e æ ˜ ¿ } D
“Code” ˜ Â Æ ™	8	the Corporate Governance Code as set out in Appendix 14 to the Listing Rules j 9 • Æ • }14 Ô 1 Y † 8 M 7 Â Æ
“Company” or “China Lesso” ˜ I ® ! ™Ð˜ • 7 L ç ™	8	China Lesso Group Holdings Limited • 7 L ç « › p Þ " ® !
“Current Ratio” ˜ t â ™	8	the ratio of current assets to current liabilities t * ð ø t À Y â
“EBITDA” ˜ ð ¹ ü ± Å Ã ® ; ™	8	earnings before interest, taxes, depreciation and amortisation Ô ð ; ¹ e ü ° e ± ¿ Å V Ã ® ;
“Foshan Star Excel”		Foshan Star Excel Property Development Co., Ltd.*, a company indirectly wholly-owned by Mr. Wong Luen Hei and a connected person of the Company as defined under the Listing Rules
˜ † K ² ™	8	† 9 K ² Ä 8 ï • Þ " ® ! d » L $ ‹ [œ Ÿ Œ ¹ Þ Y ® ! d (‰ I ® ! Y ë ¹ [₹ › È j 9 • Æ •
“Gearing Ratio” ˜ * À ™	8	the total debts divided by the sum of total debts and total equity 2 À < X ð ø À < X j Æ B < X Y < q
“Group” ˜ I « ™	8	the Company and its subsidiaries I ® ! ¿ I • n ® !
“Guangdong Lesso Mall”		Guangdong Lesso Mall Co., Ltd.*, an indirect wholly-owned subsidiary of the Company
˜ ? L ç ž – ™	8	? L ç ž – e ¿ ì Þ " ® ! d I ® ! ˜ œ Ÿ Œ • n ® !
“Guangdong Liansu Electric”		Guangdong Liansu Electric Co., Ltd.*, a company indirectly wholly-owned by Mr. Wong Luen Hei and a connected person of the Company as defined under the Listing Rules
˜ ? L ç e ™	8	? L ç e Þ " ® ! d » L $ ‹ [œ Ÿ Œ ¹ Þ Y ® ! d (‰ I ® ! Y ë ¹ [₹ › È j 9 • Æ •

“Guangdong Liansu Machinery”		Guangdong Liansu Machinery Manufacturing Co., Ltd.*, a company e99irectly wholly-owned by Mr. Wong Luen Hei and a connected person of the Company as defined under the Listing Rules
˜ ? L ç Ú œ ™	8	? L ç Ú œ ¡ ¿ Þ " ® ! d » L $ ‹ [œ Ÿ Œ ¹ Þ Y ® ! d (‰ I ® ! Y ë ¹ [₣ › È j 9 • Æ •
“Guangdong Liansu Technology”		Guangdong Liansu Technology Industrial Co., Ltd.*, an e99irectly wholly-owned subsidiary of the Company
˜ ? L ç Å ¦ ™	8	? L ç Å ¦ ¼ 8 Þ " ® ! d ‰ I ® ! Y œ Ÿ Œ • n ® !
“HK$”		Hong Kong dollar, the lawful currency of Hong Kong
˜ ¥ © ™	8	0 ¥ ˜ , › ¬ Æ Ñ ¥ ©
“Hong Kong” or “HK”		Hong Kong Special Administrative Region of the PRC
˜ 0 ¥ ™	8	• 7 0 ¥ $ 9 A
“IoT”		Internet of things
˜ J L c ™	8	J L c
“Lesso Hardware”		Guangdong Lesso Hardware & Building Materials Co., Ltd.*, an e99irect non-wholly owned subsidiary of the Company
˜ ï ž – ™	8	? ï ž – ¿ Þ " ® ! d I ® ! ˜ œ Ÿ ¢ Œ • n ® !
“Listing Rules”		the Rules Governing the Listing of Securities on the Stock Exchange
˜ j 9 • Æ ™	8	L t Ô Ç N j 9 • Æ
“Macau”		Macau Special Administrative Region of the PRC
˜ æ ˜ ™	8	• 7 æ ˜ $ 9 A
“Model Code”		the Model Code for Securities Transactions by Directors of Listed Issuers as set out e9 Appe99ix 10 to the Listing Rules
˜ z _ Â Æ ™	8	j 9 • Æ • }10 Ô 1 Y j 9 ® ! è + † Ç N t ø Y z _ Â Æ
“New Fortune”		New Fortune Star Limited, a company incorporated in the BVI
˜ - , K ™	8	New Fortune Star Limited d S œ õ õ n j ' / Ê ¥ W Ó m ˜ ® !
“PE”		polyethylene
˜ PE ™	8	s T
“PP-R”		polypropylene random
˜ PP-R ™	8	Ì • • s s ï
“PVC”		polyvinyl chloride
˜ PVC ™	8	s £ T
“Quick Ratio”		the ratio of current assets less inventories to current liabilities
˜ º â ™	8	t * ¯ À ¬ Ž ð ø t À Y â
“RMB”		Renminbi, the lawful currency of the PRC
˜ [O Æ ™	8	• 7 ˜ , › ¬ Æ Ñ [O Æ

“SFO”		Securities and Futures Ordinance, Chapter 571 of the Laws of Hong Kong
˜ Ç N ¿ , ¬ â 7 ™	8	0 ¥ , 7 K571 Ý Ç N ¿ , ¬ â 7
“Share(s)”		share(s) of a nominal value of HK$0.05 each in the capital of the Company
˜ p … ™	8	I ® ! p I • Ê p & =0.05 ¥ © Y p …
“Shareholder(s)”		holder(s) of the Share(s) of the Company
˜ p ™	8	I ® ! p … 5 Þ [
“Shunde Liansu Industrial”		Foshan Shunde Liansu Industrial Co., Ltd.*
˜ ± C L ç ¼ 8 ™	8	† 9 ± C L ç ¼ 8 Þ " ® !
“sq.m.”		square metres
˜ ; Ù ÷ ™	8	; Ù ÷
“sq.ft.”		square feet
˜ ; Ù J ™	8	; Ù õ J
“Stock Exchange”		The Stock Exchange of Hong Kong Limited
˜ L t Ô ™	8	0 ¥ L ¥ t ø Ô Þ " ® !
“Taiwan”		the Republic of China
˜ } D ™	8	• 6 O 7
“tonne(s)”		a unit measuring weight, equal to 1,000 kilograms
˜ š ™	8	Ž Ž Y d ´ õ1,000 ® Ø
“US”		the United States of America
˜ Õ 7 ™	8	Õ ; : ¥ : 7
“US$”		US dollar, the lawful currency of US
˜ Õ © ™	8	Õ 7 ˜ , › ¬ Æ Ñ Õ ©
“Xi Xi Development”		Xi Xi Development Limited, a company incorporated in the BVI
˜ c ï • ™	8	c ï • Þ " ® ! d S œ õ õ n j ' / Ê ¥ W Ó m ˜ ® !
“%”		per cent.
˜ % ™	8	õ ± â

* The English or Chinese translations in this report, where indicated, denote for identification purposes only.
* I S Y õ Ö4.

è + 6
B è +
» L $ ‹ [€ ô © •
8 P ‹ [À€ô ØÐ×ÛÞÐÁI P plÏ DM » L – • ù P /@Š•
8 L1¯~ ¦C0v1'g '•î€R°ã`
` › € ô © •

Mr. Wong Luen Hei (Chairman)
Mr. Zuo Manlun (Chief executive)
Ms. Zuo Xiaoping
Mr. Lai Zhiqiang
Mr. Kong Zhaocong
Mr. Chen Guonan
Dr. Lin Shaoquan
Mr. Huang Guirong
Mr. Luo Jianfeng

NON-EXECUTIVE DIRECTOR
Mr. Lin Dewei

INDEPENDENT NON-EXECUTIVE DIRECTORS
Mr. Fung Pui Cheung
Mr. Wong Kwok Ho Jonathan
Mr. Cheung Man Yu
Ms. Lan Fang
Dr. Tao Zhigang

AUDIT COMMITTEE
Mr. Fung Pui Cheung (Chairman)
Mr. Wong Kwok Ho Jonathan
Mr. Lin Dewei
Mr. Cheung Man Yu

REMUNERATION COMMITTEE
Mr. Fung Pui Cheung (Chairman)
Mr. Wong Luen Hei
Mr. Zuo Manlun
Mr. Wong Kwok Ho Jonathan
Mr. Cheung Man Yu

NOMINATION COMMITTEE
Mr. Wong Luen Hei (Chairman)
Mr. Zuo Manlun
Mr. Fung Pui Cheung
Mr. Wong Kwok Ho Jonathan
Ms. Lan Fang

CORPORATE INFORMATION

® ! Ø

COMPANY SECRETARY

Mr. Kwan Chi Wai Samuel

ë › ‹ [

AUTHORISED REPRESENTATIVES

Mr. Zuo Manlun
Mr. Kwan Chi Wai Samuel

, › þ Œ
8 P ‹ [
ë › ‹ [

REGISTERED OFFICE

PO Box 309, Ugland House
Grand Cayman, KY1-1104
Cayman Islands

W l + ˆ
PO Box 309, Ugland House
Grand Cayman, KY1-1104
Cayman Islands

HEADQUARTERS AND PRINCIPAL PLACE OF BUSINESS IN CHINA

Liansu Industrial Estate
Longjiang Town
Shunde District
Foshan City
Guangdong Province 528318
China

• 7 < Å ¿ ô 8 ® Ã

• 7
? € ‰ Ü j528318 •
† 9
± C
² ê D
L ç ˆ 8 À

PRINCIPAL PLACE OF BUSINESS IN HONG KONG

Unit 3, 12th Floor, Tower 2
South Seas Centre
75 Mody Road
Tsim Sha Tsui East
Kowloon, Hong Kong

0 ¥ ô 8 ® Ã

0 ¥ X ²
Æ Í g Å
ÿ ® 875 î
Ì q • Ð
K Z -12 } 3

LISTING INFORMATION

Listing:
The Stock Exchange of Hong Kong Limited

Stock code:
2128

j 9 Ø
j 9 ® Ã j
0 ¥ L ¥ t ø Ô Þ " ® !

p … þ î j
2128

SHARE INFORMATION

Board lot size:
1,000 shares

Share issued as at 31 December 2017:
3,102,418,400 shares

Market capitalisation as at 31 December 2017:
HK$15,698 million

p … Ø
Ê Ó o - j
1,000 p

õ 2017 Ë12 Ü31 Ú Š ï p … p f j
3,102,418,400 p

õ 2017 Ë12 Ü31 Ú 9 = j
156.98 ¥ ©

Ú 2017 Ë 12 Ü31 Ú ß Ë Ê p K , p ¹ j

CORPORATE INFORMATION

® ! Ø

INVESTOR RELATIONS

iPR Ogilvy & Mather
23rd Floor, The Centre
99 Queen’s Road, Central, Hong Kong
Tel: (852) 2136 6185
Fax: (852) 3170 6606
Email: ir@lesso.comkL7e3 t7 11 0 0 11AUDI197Tm (INVESTOR RELATIONS) Tj 0 0 0 1scn /G k /GS1 gs /T1_01 Tff 9 0 0 9Ernst57.

iPR ó Õ ® ë
0 ¥ ¬ § } 8 •99 î
• • Ð23 }
e j(852) 2136 6185
Â F j(852) 3170 6606
ë ‰ jir@lesso.com

è p ª
Ä Q 6 ª + Ô
0 ¥ B 8 6 ª

a
÷ Š - ª + Ô

ô » 8 Õ
• 7 5 8 Õ p ... Þ " ® !
• 7 Õ € 0 ¥ Þ " ® !
Ý Õ p ... Þ " ® !
• 7 ¦ Ä 8 Õ p ... Þ " ® ! 0 ¥ ±
† ± C 5 À 8 Õ p ... Þ " ® !
6ì [Õ Þ " ® !
• 7 ^ Õ € - r Þ " ® !
• 7 ^ Õ p ... Þ " ® !
g œ ¾ Õ
(, 8 Õ p ... Þ " ® ! 0 ¥ ±
0 ¥ j @i . Õ Þ " ® !

c g
http://www.lesso.com

Forward-looking statements

This report contains forward-looking statements. These forward-looking statements include, without limitation, statements related to revenue and earnings. The words “believe”, “intend”, “expect”, “anticipate”, “forecast”, “estimate”, “predict”, “is confident”, “has confidence” and similar expressions are also intended to represent forward-looking statements. These forward-looking statements are not historical facts. Rather, the forward-looking statements are based on the current beliefs, assumptions, expectations, estimates and projections of the directors and management of China Lesso about the businesses, industries and markets in which China Lesso operates.

These forward-looking statements are not guarantees of future performance and are subject to risks, uncertainties and other factors, some of which are beyond the Company’s control and are difficult to predict. Consequently, actual results could differ materially from those expressed, implied or forecasted in the forward-looking statements.

Reliance should not be placed on these forward-looking statements, which reflect only the views of the directors and management of China Lesso as at the date of this report only. The Company undertakes no obligation to publicly revise these forward-looking statements to reflect events or circumstances that arise after publication of this report.

Ã ü J \ RÀ %qÐ4•ÁÀE0ó =àl1OÁD 5 f ä Ã ü J P0ÐsÀB€)@, 5P=á^°=p
® ; Y J P @?à˜ ´ ¦ ™ẽ Œ ™ẽ k ™ẽ k , ™ẽ k » ™e
˜ ™ẽ ª » ™ẽ ¦ ™ẽ ì Þ ¦ Ð ™¿ ó ' Z u Ý Œ j Ã
ü J P `l1OÁD 5 J ø • 7 L ç è + ¿ M # 4 ì ½ 8 e 8
¿ • 7 L ç Ô ¾ Y 9 þ H ê Ð * Y f Ã ¦ Â e ÿ £ e ,
Ð e ¿ k » ‰ ? _ d þ (¢ Ý & + ° `

ä Ã ü J PR€j Ã 4 3€e•ã€¡PhÀ²@B 0€jÑ\p @?àt ã`: x•,À
ˆ e ” PŽ`: –ð+ðT•% ª o þ a B ¤ d l • Þ : –ðK°j 4•*à
! Ô • › S d ò í ø k Ø f B ä d ± pÑ `€1•™ àl1OÁD 5 Ô
P6 Pâà6 = ö°Ë°e•¨°c =à, 'ÐŠ€C• `

j Ã ü J PÜ0 H • 7 L ç è + ¿ M # 4 U I S ï Œ ... Ú
Ô 5 Y H Ã d , [{ S ? ” Ð 1 ` ä Ã ü J P `4•*à2 R€
Ì ª , ® š L j Ã ü J P @/€ H I S Ð9•qÐ]@Îð5°e•
+ • Ð ‹ 1 f

I S Y • õ Ö ½ Þ , È d ? ø õ Ö I ‰ _ f

LESSO 联塑